## ORIGINAL

# REEVES EYE SURGERY CENTER

CN1510-046

## DSG Development Support Group

October 15, 2015

Melanie Hill, Executive Director Tennessee Health Services and Development Agency Andrew Jackson Building, 9<sup>th</sup> Floor 502 Deaderick Street Nashville, TN 37243

RE: CON Application Submittal

Reeves Eye Surgery Center--Addition of Pain Management Services Johnson City, Washington County

Dear Mrs. Hill:

This letter transmits an original and two copies of the subject application. The affidavit and filing fee are enclosed.

I am the contact person for this project. Mike Brent is legal counsel. Please advise me of any additional information you may need. We look forward to working with the Agency on this project.

Respectfully,

John Wellborn
Consultant

#### **AFFIDAVIT**

STATE OF _	TENNESSEE		
COUNTY OF	DAVIDSON		

JOHN WELLBORN, being first duly sworn, says that he is the lawful agent of the applicant named in this application, that this project will be completed in accordance with the application to the best of the agent's knowledge, that the agent has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, et seq., and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete to the best of the agent's knowledge.

SIGNATURE/TITLE CONSULTANT

Sworn to and subscribed before me this 15th day of October, 2015 a Notary

Public in and or the County/State of DAVIDSON

My commission expires

(Month/Day)

NOTARY PUBLIC

(Year)

#### LETTER OF INTENT -- HEALTH SERVICES & DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Johnson City Press, which is a newspaper of general circulation in Washington County, Tennessee, on or before Saturday, October 10, 2015, for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. Sections 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Reeves Eve Surgery Center (an ambulatory surgical treatment center), owned and managed by Reeves Eye Surgery Center, LLC (a limited liability company), intends to file an application for a Certificate of Need to initiate pain management surgical services in its existing facility at 2328 Knob Creek Road, Suite 500, Johnson City, Tennessee 37604, at a project cost estimated at \$176,000.

The applicant facility is licensed by the Board for Licensing Health Care Facilities, Tennessee Department of Health, as a single-specialty ambulatory surgical treatment center limited to ophthalmology. It has one (1) operating room and one (1) laser procedure room. The project does not require construction, does not add surgical room capacity, and does not contain major medical equipment or initiate or discontinue any health service other than pain management.

The anticipated date of filing the application is on or before October 15, 2015. The contact person for the project is John Wellborn, who may be reached at Development Support Group, 4219 Hillsboro Road, Suite 210, Nashville, TN 37215; (615) 665-2022.

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(Signature) (Date) jwdsg@comcast.net (E-mail Address)

910

Trucks & Vans

2001 Ford F 150 XLT Flareside

4.2 , V-6, 5 speed manual, 2 wheel drive. White with gray interior, A/C, PW, PDL, PS, Cruise, Tilt, Factory AM &FM CD player, 110,500 miles, 2nd owner since 2002. Never wrecked, all ORIGINAL paint. Non smoker. CURT trailer receiver hitch, New BF Goodrich tires. New total clutch system. \$4250.00 Please call cell 423-202-1374 or home 423-929-7600

#### Legals

IN THE PROBATE COURT FOR WASHINGTON COUNTY AT JONESBOROUGH, TENNESSEE

Probate Case No: P2712

## NOTICE TO CREDITORS Estate of SIDNEY G. HENSLEY

Notice is hereby given that on the 6th day of October, 2015, Letters Testamentary, in respect to the Estate of Sidney G. Hensley, deceased, who died August 28, 2015, were issued to the undersigned by the Clerk and Master of Probate Court for Washington County at Jonesborough, Tennessee.

All persons, resident and nonresident, having claims, matured or unmatured, against said Estate are required to file the same with the Clerk of the above named Court on or before the earlier of the dates prescribed in (1) or (2) otherwise their claims will be forever barred:

- (1)
  (A) Four (4) months from the date of the first pulication of this notice if the creditor received an actual copy of this notice to creditors as least sixty (60) days before the date that is four (4) months from the date of the first publication; or
- (B) Sixty (60) days from the date the creditor received an actual copy of the notice to creditors if the creditor received the copy of the notice less than sixty (60) days prior to the date that is four (4) months from the date of first publication as described in (1)(A); or
- (2) Twleve (12) months from the decedent's date of death.

This 6th day of October 2015.

(signed) Jerry Lee Hensley and John Grant Hensley Co-Personal Representatives

By; Frederic H. Brandt, Atty. Brandt and Beeson, P.C. 206 Princeton Rd., Ste 25 Johnson City, TN 37601 (423) 282-1981

Brenda Sneyd CLERK AND MASTER

PUB2T: 10/10/2015 10/17/2015

## 910 Trucks & Vans

GMC 1997, 1500 Sierra 2WD short stepside bed, 136K auto, V8-350, all power factory CD/cassette, red ext/gray int, lowered with bellteck, new bellteck shocks, cowl induction hood, rear roll pan, new all front end suspension, brake rotors/ceramic wagner disc pads, wheel bearings, new r/brakes, wheel

ner disc pads, wheel bearings, new r/brakes, wheel cylinders, axle seals and rides on 17" x 8" alum. american racing torque thrust wheels call for more can't list, all a great looker/driver, must sell due to medical problems. No joy rides, \$8,950. CALL 423-288-4985

Legals

## 920 Recreational Vehicles



2012 Open Range 5th Wheel Camper. Excellent Cond - Inside & out, 3 slides with awning covers, Sleeps 4, Queen Bed, Queen Sleeper Sofa, Independent remote control leveling Jacks, outside kitchen; too many options to print. A must see to appreciate. \$27,500.00 OBO Call for more information 423-444-1582

Legals

#### NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. Sections 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Reeves Eye Surgery Center (an ambulatory surgical treatment center), owned and managed by Reeves Eye Surgery Center, LLC (a limited liability company), intends to file an application for a Certificate of Need to initiate pain management surgical services in its existing facility at 2328 Knob Creek Road, Suite 500, Johnson City, Tennessee 37604, at a project cost estimated at \$176,000.

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The anticipated date of filing the application is on or before October 15, 2015. The contact person for the project is John Wellborn, who may be reached at Development Support Group, 4219 Hillsboro Road, Suite 210, Nashville, TN 37215; (615) 665-2022.

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Tennessee Health Services and Development Agency Andrew Jackson Building, 9th Floor 502 Deaderick Street Nashville, TN 37243

Pursuant to TCA Sec. 68-11-1607(c)(1): (A) any health care institution wishing to oppose a Certificate of Need application must file a written objection with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled, and (B) any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

## REEVES EYE SURGERY CENTER JOHNSON CITY

## CERTIFICATE OF NEED APPLICATION TO ADD PAIN MANAGEMENT SERVICES

Filed October 2015

#### PART A

#### 1. Name of Facility, Agency, or Institution

Reeves Eye Surgery Center		
Name		
2328 Knob Creek Road, Suite 500		Washington
Street or Route		County
Johnson City	TN	37604
City	State	Zip Code

#### 2. Contact Person Available for Responses to Questions

John Wellborn		Сс	onsultant
Name			Title
Development Support Group		jwdsg	@comcast.net
Company Name		E-N	Iail Address
4219 Hillsboro Road, Suite 210	Nashville	TN	37215
Street or Route	City	State	Zip Code
CON Consultant	615-665-20	)22	615-665-2042
Association With Owner	Phone Nun	nber	Fax Number

#### 3. Owner of the Facility, Agency, or Institution

Reeves Eye Surgery Center, LLC		423-722-1311
Name		Phone Number
Same as in #1 above		
Street or Route		County
Same as in #1 above		<del>_</del>
City	State	Zip Code

#### 4. Type of Ownership or Control (Check One)

	F. Government (State of TN or	
A. Sole Proprietorship	Political Subdivision)	
B. Partnership	G. Joint Venture	
C. Limited Partnership	H. Limited Liability Company	X
D. Corporation (For-Profit)	I. Other (Specify):	
E. Corporation (Not-for-Profit)		

## PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS

<i>5</i> .	Name o	f Mana	gement/0	perating	Entity (	(If App	licable)	NA

Name		
Street or Route		County
City	State	Zip Code

### 6. Legal Interest in the Site of the Institution (Check One)

A. Ownership	X	D. Option to Lease	
B. Option to Purchase		E. Other (Specify):	
C. Lease of Years			

### 7. Type of Institution (Check as appropriate—more than one may apply)

A. Hospital (Specify): General		I. Nursing Home	
B. Ambulatory Surgical Treatment			
Center (ASTC) Multi-Specialty		J. Outpatient Diagnostic Center	
C. ASTC, Single Specialty	X	K. Recuperation Center	
D. Home Health Agency		L. Rehabilitation Center	
E. Hospice		M. Residential Hospice	
F. Mental Health Hospital		N. Non-Residential Methadone	
G. Mental Health Residential Facility		O. Birthing Center	
H. Mental Retardation Institutional		P. Other Outpatient Facility	
Habilitation Facility (ICF/MR)		(Specify):	
		Q. Other (Specify):	

#### 8. Purpose of Review (Check as appropriate—more than one may apply

		G. Change in Bed Complement	
	1	Please underline the type of Change:	
		Increase, Decrease, Designation,	
A. New Institution		Distribution, Conversion, Relocation	
B. Replacement/Existing Facility		H. Change of Location	
C. Modification/Existing Facility		I. Other (Specify):	
D. Initiation of Health Care Service		Expand authorized scope of service	
as defined in TCA Sec 68-11-1607(4)		of an existing ophthalmic ASTC to	
(Specify)		include pain management	X
E. Discontinuance of OB Service			
F. Acquisition of Equipment			

9. Bed Complement Data Not applicable

(Please indicate current and proposed distribution and certification of facility beds.) CON approved **TOTAL** beds **Beds** Current Licensed (not in Staffed **Proposed** Beds at **Beds** service) **Beds** (Change) Completion A. Medical B. Surgical C. Long Term Care Hosp. D. Obstetrical E. ICU/CCU F. Neonatal G. Pediatric H. Adult Psychiatric I. Geriatric Psychiatric J. Child/Adolesc. Psych. K. Rehabilitation L. Nursing Facility (non-Medicaid certified) M. Nursing Facility Lev. 1 (Medicaid only) N. Nursing Facility Lev. 2 (Medicare only) O Nursing Facility Lev. 2 (dually certified for Medicare & Medicaid) P. ICF/MR Q. Adult Chemical Dependency R. Child/Adolescent Chemical Dependency S. Swing Beds T. Mental Health **Residential Treatment** U. Residential Hospice **TOTAL** 

10. Medicare Provider Number:	44-COO01185
Certification Type:	ASTC
11. Medicaid Provider Number:	1533872
Certification Type:	ASTC

#### 12. & 13. See page 4

## A.12. IF THIS IS A NEW FACILITY, WILL CERTIFICATION BE SOUGHT FOR MEDICARE AND/OR MEDICAID?

This is an existing facility that is certified for both Medicare and Medicaid participation.

A.13. IDENTIFY ALL TENNCARE MANAGED CARE ORGANIZATIONS / BEHAVIORAL HEALTH ORGANIZATIONS (MCO'S/BHO'S) OPERATING IN THE PROPOSED SERVICE AREA. WILL THIS PROJECT INVOLVE THE TREATMENT OF TENNCARE PARTICIPANTS? Yes IF THE RESPONSE TO THIS ITEM IS YES, PLEASE IDENTIFY ALL MCO'S WITH WHICH THE APPLICANT HAS CONTRACTED OR PLANS TO CONTRACT.

DISCUSS ANY OUT-OF-NETWORK RELATIONSHIPS IN PLACE WITH MCO'S/BHO'S IN THE AREA.

The applicant contracts with all of the Tennessee MCO's operating in its service area. They are listed in Table One below.

Table One: Contractual Relationships with Service Area MCO's		
Available TennCare MCO's	Applicant's Relationship	
AmeriGroup	contracted	
BlueCare	contracted	
United Healthcare Community Plan	contracted	
TennCare Select	contracted	

#### **SECTION B: PROJECT DESCRIPTION**

B.I. PROVIDE A BRIEF EXECUTIVE SUMMARY OF THE PROJECT NOT TO EXCEED TWO PAGES. TOPICS TO BE INCLUDED IN THE EXECUTIVE SUMMARY ARE A BRIEF DESCRIPTION OF PROPOSED SERVICES AND EQUIPMENT, OWNERSHIP STRUCTURE, SERVICE AREA, NEED, EXISTING RESOURCES, PROJECT COST, FUNDING, FINANCIAL FEASIBILITY AND STAFFING.

#### Proposed Services and Equipment

- The Reeves Eye Surgery Center in Johnson City is a single-specialty ophthalmology ambulatory surgical treatment center ("ASTC"). It serves only the patients of Dr. Donny Reeves, an established ophthalmologist in the Tri-Cities area. It opened in January 2014, pursuant to CN1209-045. In addition to serving adult patients, Dr. Reeves is a major provider of pediatric ophthalmology services to TennCare children. He takes Emergency Room call at the Niswonger Children's Hospital in Johnson City.
- The Reeves ASTC has one operating room ("O.R.") The O.R. is used for ophthalmology cases only part of the week, because on other days the ophthalmologist must see patients in the office. This application requests CON approval for Dr. Reeves' ASTC to use its operating room for pain management cases not requiring general anesthesia, on days when it is not being used for eye surgery cases. Adding pain management cases will require only minimal additional equipment: a C-arm fluoroscopic unit with related shielding, and an O.R. table for use with the C-arm, and a radiofrequency generator.

#### Ownership Structure

• The applicant facility is wholly owned by the Reeves Eye Surgery Center, LLC, whose only member (owner) is Dr. Reeves. He does not own any interest in any other licensed facility. This project will not change the current facility ownership or the membership interest in the owning LLC.

#### Service Area

• The Tennessee primary service area for pain management services will consist of Washington, Sullivan, Hawkins, Greene, and Carter Counties. Except for Hawkins County, this is also the primary service area for eye surgery services.

#### Need

• Because the project will not add a facility or any surgical rooms to the service area, it is not subject to any State Health Plan criteria for expansion of ASTC capacity.

- The project is needed because it will (a) improve utilization of surgical room capacity already in place (a State Health Plan goal), (b) enhance the financial feasibility of an established surgical facility (a CON review criterion), and (c) reduce losses being incurred by a large neurosurgical medical practice in performing these under-reimbursed surgeries in the practice office.
- Because the project is moving cases from a physician group practice office into a licensed facility, the project cannot adversely impact any existing facility. Nor will it adversely impact payors, because if the Reeves facility is not approved to accept these cases, they will simply be moved to some other surgery center in the area that already has approval for pain management or multi-specialty cases, where payors will be paying the same reimbursement as they would have paid to the Reeves facility.

#### **Existing Resources**

• In the 2014 Joint Annual Reports, eight ambulatory surgical treatment facilities in the Tennessee primary service area reported performing pain management cases.

#### Project Cost, Funding, Financial Feasibility

- The cost of the project is estimated at only \$175,881. This will be financed by a 100% loan from a local bank.
- In 2015, the Reeves Eye Surgery Center has operated with a positive cash flow and a positive operating margin. Caseloads are increasing and the Center will continue to be financially feasible. If this application is approved, the additional revenues from pain management cases will strengthen the facility's financial feasibility.

#### Staffing

• The ASTC's operating room currently schedules ophthalmic surgeries on two days per week, using staff contracted from Dr. Reeve's ophthalmology practice office. The addition of pain management cases on other days per week will require only 1.81 additional FTE's. Only one radiologic technologist needs to be employed; the other new FTE hours will come from staff already employed in Dr. Reeves' practice office and already subcontracted part of the week to the applicant surgery center.

B.II. PROVIDE A DETAILED NARRATIVE OF THE PROJECT BY ADDRESSING THE FOLLOWING ITEMS AS THEY RELATE TO THE PROPOSAL.

B.II.A. DESCRIBE THE CONSTRUCTION, MODIFICATION AND/OR RENOVATION OF THE FACILITY (EXCLUSIVE OF MAJOR MEDICAL EQUIPMENT COVERED BY T.C.A. 68-11-1601 *et seq.*) INCLUDING SQUARE FOOTAGE, MAJOR OPERATIONAL AREAS, ROOM CONFIGURATION, ETC.

Not applicable; no construction, modification, or renovation is proposed.

APPLICANTS WITH HOSPITAL PROJECTS (CONSTRUCTION COST IN EXCESS OF \$5 MILLION) AND OTHER FACILITY PROJECTS (CONSTRUCTION COST IN EXCESS OF \$2 MILLION) SHOULD COMPLETE THE SQUARE FOOTAGE AND COSTS PER SQUARE FOOTAGE CHART.

UTILIZING THE ATTACHED CHART, APPLICANTS WITH HOSPITAL PROJECTS SHOULD COMPLETE PARTS A-E BY IDENTIFYING, AS APPLICABLE, NURSING UNITS, ANCILLARY AREAS, AND SUPPORT AREAS AFFECTED BY THIS PROJECT. PROVIDE THE LOCATION OF THE UNIT/SERVICE WITHIN THE EXISTING FACILITY ALONG WITH CURRENT SQUARE FOOTAGE, WHERE, IF ANY, THE UNIT/SERVICE WILL RELOCATE TEMPORARILY DURING CONSTRUCTION AND RENOVATION, AND THEN THE LOCATION OF THE UNIT/SERVICE WITH PROPOSED SQUARE FOOTAGE. THE TOTAL COST PER SQUARE FOOT SHOULD PROVIDE A BREAKOUT BETWEEN NEW CONSTRUCTION AND RENOVATION COST PER SQUARE FOOT. OTHER FACILITY PROJECTS NEED ONLY COMPLETE PARTS B-E.

Not applicable; no construction is proposed.

PLEASE ALSO DISCUSS AND JUSTIFY THE COST PER SQUARE FOOT FOR THIS PROJECT.

Not applicable; no construction is proposed.

## IF THE PROJECT INVOLVES NONE OF THE ABOVE, DESCRIBE THE DEVELOPMENT OF THE PROPOSAL.

#### Scope of the Project

The project is for the addition of pain management surgery to the authorized scope of service of the Reeves Eye Surgery Center, which is located in Johnson City, in Washington County. This will not require any construction. The facility's single operating room, which is currently used only on two days per week, will be used for pain management cases on weekdays when no eye surgery cases are scheduled. A small amount of equipment will be needed in the O.R. to support pain management surgery. No level of anesthesia is needed other than what is already in use at the facility.

#### Changes in the Medical Staff

The facility proposes to grant surgical privileges only to Board-certified physicians qualified to perform pain management procedures. The physician seeking privileges at the facility is Dr. Wayne Woodbury, a Board-Certified Physical Medicine and Rehabilitation specialist. Dr. Woodbury has an established pain management practice in the service area. He is the pain management specialist in the region's largest neurosurgery group, East Tennessee Brain and Spine, which has offices in Johnson City and Kingsport. His resume is provided in this application's Attachment C, Need--1.A.3. Dr. Woodbury graduated Magna Cum Laude (Microbiology) from Arizona State University, and earned his M.D. at the Medical College of Wisconsin Affiliated Hospitals, where he also served his Internship and Residency. He is contracted with all area TennCare MCO's and also with Virginia Medicaid. He also serves Kentucky and North Carolina Medicaid patients out of contract.

The project does not involve any change of ownership interests. Reeves Eye Surgery Center, LLC, the owner of this facility, is wholly owned by Dr. Donny Reeves, who has been in practice in the area since 2004.

Dr. Reeves is Board-certified in Ophthalmology. He received his M.D. from the University of Utah, completed internship at the Bassett Hospital in Cooperstown, NY (an affiliate of Columbia University), and completed residency at the University of Wisconsin Hospital and Clinics system, where he was Chief Resident. He has privileges at both Holston Valley Medical Center in Sullivan County, and Johnson City Medical Center in Washington County. He provides ophthalmic coverage for the regional Children's Emergency Department at Niswonger Children's Hospital in Johnson City (one of six national affiliates of St. Jude Children's Hospital in Memphis).

Dr. Reeves graduated from the U.S. Army Air Assault School and the Army Airborne School, and was on active duty in Afghanistan in 2004-2005, completing his tours with the rank of Captain. He remains a Reserve Officer in the Medical Corps today, and was one of 24 junior officers nationwide who received the Douglas MacArthur Leadership Award in 1997. He received the Army Commendation Medal and was Utah's Army Reserve Officer of the Year in 1998. He received the University of Utah School of Medicine Community Service Award in 1999.

#### Project Costs and Financing

Most pain management procedures involve fluoroscopy-guided injections, which do not require significant equipment in the O.R. The only capital costs required--other than the costs of the CON process itself--will be only \$127,000 to purchase the following equipment:

- (1) a C-arm fluoroscopic imaging unit;
- (2) A 3-motion patient table for fluoroscopic-assisted pain management surgery;
- (3) lead-shielded aprons, eyewear, and thyroid collar to protect patients and staff;
- (4) an RF (radio-frequency) generator.

The total project cost for CON purposes, including the cost of the CON process, is estimated at \$175,881. This will be funded by a loan from a local bank, whose letter of interest is provided in Attachment C, Economic Feasibility--2.

B.II.B. IDENTIFY THE NUMBER AND TYPE OF BEDS INCREASED, DECREASED, CONVERTED, RELOCATED, DESIGNATED, AND/OR REDISTRIBUTED BY THIS APPLICATION. DESCRIBE THE REASONS FOR CHANGE IN BED ALLOCATIONS AND DESCRIBE THE IMPACT THE BED CHANGE WILL HAVE ON EXISTING SERVICES.

Not applicable.

B.II.C. AS THE APPLICANT, DESCRIBE YOUR NEED TO PROVIDE THE FOLLOWING HEALTH CARE SERVICES (IF APPLICABLE TO THIS APPLICATION):

- 1. ADULT PSYCHIATRIC SERVICES
- 2. ALCOHOL AND DRUG TREATMENT ADOLESCENTS >28 DAYS
- 3. BIRTHING CENTER
- 4. BURN UNITS..... (other services on the list omitted)

None of the listed services is being initiated. The project need is based on:

- (1) the inevitable relocation of certain types of pain management procedures out of physician practice offices into a licensed facility; and on
- (2) improved annual utilization for the existing operating room at the Reeves Eye Surgery Center, consistent with the State Health Plan's objective of high efficiency use of existing surgical capacity.

For a large group of pain management procedures, the increasing cost of providing them at the practice office (supplies; equipment) is no longer fully offset by reimbursement available to the practice. Physicians incur financial losses from performing them in their offices. However, the higher reimbursement available to a surgery center or hospital for those procedures will cover the licensed facility's costs. By relocating the procedure, the physician eliminates a financial loss for the medical practice, and improves the financial strength of the licensed facility.

Most pain management physicians have already moved such procedures out of their practice offices into a licensed surgical facility (typically an ambulatory surgery center). The surgery center is willing to accept these cases because its facility fee will typically cover its costs and provide a small operating margin. For example, in FYE2014,

approximately 26% of the total cases performed in seven area surgery centers were pain management cases—a total of 6,634 that year.

Such a case migration out of the practice office, into a licensed facility, is inevitable. Dr. Woodbury has begun moving some of these cases to other area surgery centers that are already authorized for pain management. He would like to be able to utilize Dr. Reeves' surgery center also, due to the complete availability of its Operating Room three days a week, its good location, and other factors. Approval of this application will provide that choice. Disapproval of this application would only limit his patients' options; it would not prevent the procedures from migrating to other surgery centers.

From the Reeves Surgery Center perspective, there is a clear benefit of this project: improved utilization of existing surgical capacity. Table Three below shows the CY2016 utilization that is projected for the Reeves Eye Surgery Center with, and without, the proposed pain management cases. The facility has one (1) O.R. If the project is approved, in Year One the utilization of the existing O.R. capacity will improve from 1,220 cases per year to 1,787 cases per year, supporting the State Health Plan's objectives of making the fullest possible use of existing health care capital investments.

And, because these cases will come from a physician practice rather than from another surgery center, the benefit to the applicant surgery center will not reduce utilization of any another licensed surgery center or hospital.

Positive Im	pact of the Pro	ject on O.R. Utiliza	tion						
1	Reeves Eye Su								
	CY2016Y	ear One							
			State Health Plan						
	Cases Per	Percent of Week	Goal for O.R.						
	O.R. O.R. Is Used Utilization								
Without Pain Management									
(Eye Surgery Only)	1,220	40% (2 of 5 days)	Minimum 70%						
With Both Eye Surgery and		V							
Pain Management	1,787	80% (4 of 5 days)	Minimum 70%						

Finally, this project is not an instance of a physician moving cases to a surgery center in order to obtain a facility fee in addition to a professional fee. The physician has no ownership in the Reeves Eye Surgery Center or any other surgery center. Without ownership, the physician cannot receive any of the facility fees paid to the surgery center.

Nor is the project imposing new costs "on the system" unfairly. Medicare and other payors have chosen to reimburse licensed facilities for performing these specific procedures; and most such procedures have already moved to licensed facilities. Dr. Woodbury's practice has been saving the system money for years by performing these types of cases in the practice offices, but volumes have reached the point where the practice cannot afford to keep absorbing those losses. The project involves no additional construction and creates no new surgical rooms in the area.

## B.II.D. DESCRIBE THE NEED TO CHANGE LOCATION OR REPLACE AN EXISTING FACILITY.

Not applicable; the facility is not being relocated or replaced.

B.II.E. DESCRIBE THE ACQUISITION OF ANY ITEM OF MAJOR MEDICAL EQUIPMENT (AS DEFINED BY THE AGENCY RULES AND THE STATUTE) WHICH EXCEEDS A COST OF \$2.0 MILLION; AND/OR IS A MAGNETIC RESONANCE IMAGING SCANNER (MRI), POSITRON EMISSION TOMOGRAPHY (PET) SCANNER, EXTRACORPOREAL LITHOTRIPTER AND/OR LINEAR ACCELERATOR BY RESPONDING TO THE FOLLOWING:

- 1. For fixed site major medical equipment (not replacing existing equipment):
  - a. Describe the new equipment, including:
    - 1. Total Cost (As defined by Agency Rule);
    - 2. Expected Useful Life;
    - 3. List of clinical applications to be provided; and
    - 4. Documentation of FDA approval.
  - b. Provide current and proposed schedule of operations.
- 2. For mobile major medical equipment:
  - a. List all sites that will be served;
  - b. Provide current and/or proposed schedule of operations;
  - c. Provide the lease or contract cost;
  - d. Provide the fair market value of the equipment; and
  - e. List the owner for the equipment.
- 3. Indicate applicant's legal interest in equipment (e.g., purchase, lease, etc.) In the case of equipment purchase, include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

Not applicable. No major medical equipment is being proposed.

B.III.A. ATTACH A COPY OF THE PLOT PLAN OF THE SITE ON AN 8-1/2" X 11" SHEET OF WHITE PAPER WHICH MUST INCLUDE:

- 1. SIZE OF SITE (IN ACRES);
- 2. LOCATION OF STRUCTURE ON THE SITE;
- 3. LOCATION OF THE PROPOSED CONSTRUCTION; AND
- 4. NAMES OF STREETS, ROADS OR HIGHWAYS THAT CROSS OR BORDER THE SITE.

PLEASE NOTE THAT THE DRAWINGS DO NOT NEED TO BE DRAWN TO SCALE. PLOT PLANS ARE REQUIRED FOR ALL PROJECTS.

See Attachment B.III.A.

B.III.B.1. DESCRIBE THE RELATIONSHIP OF THE SITE TO PUBLIC TRANSPORTATION ROUTES, IF ANY, AND TO ANY HIGHWAY OR MAJOR ROAD DEVELOPMENTS IN THE AREA. DESCRIBE THE ACCESSIBILITY OF THE PROPOSED SITE TO PATIENTS/CLIENTS.

The project site is very accessible to residents of its primary service area. It is less than two miles south of I-26 / James Quillen Parkway), the main highway connecting Johnson City and Kingsport, the two communities where most of the primary service area population resides. The site is within the city limits of Johnson City (Washington County), and is 26 minutes' drive from central Kingsport (Sullivan County). The site is within an hour's drive time of every county seat in the Tennessee primary service area.

	Two-A: Mileage and Drive Tenne		Service Area					
	County or State	Distance	Drive Time					
Johnson City	Washington	3.7 mi.	10 min.					
Jonesborough	Washington	6.9 mi.	15 min.					
Kingsport Sullivan 22.2 mi. 26 min.								
Bristol	Sullivan	23.0 mi.	35 min.					
Rogersville	Hawkins	48.0 mi.	55 min.					
Greeneville	Greene	30.3 mi.	43 min.					
Elizabethton	Carter	24.0 mi.	14 min.					
Big Stone Gap	Wise (VA)	59.0 mi.	68 min.					

Table Two							
Mileage and Dr							
Between Project and Other Prim	•						
That Performed Pain Management Cases i	n FYE 2014 (J	oint Annual					
			Drive				
	County	Distance	Time				
East Tennessee Ambulatory Surgery Center							
Johnson City	Washington	0.7 mi.	3 min.				
Mountain Empire Surgery Center							
Johnson City Washington 0.6 mi. 3 min.							
PMA Surgery Center							
Johnson City	Washington	0.6 mi.	2 min.				
Holston Valley Surgery Center							
Kingsport	Sullivan	22.4 mi.	25 min.				
Kingsport Ambulatory Surgery Center							
Kingsport	Sullivan	22.6 mi.	26 min.				
Renaissance Surgery Center							
Bristol	Sullivan	31.1 mi.	32 min.				
Sapling Grove Ambulatory Surgery Center							
Bristol	Sullivan	30.6 mi.	31 min.				

Source: Google Maps, 9-27-15.

B.IV. ATTACH A FLOOR PLAN DRAWING FOR THE FACILITY WHICH INCLUDES PATIENT CARE ROOMS (NOTING PRIVATE OR SEMI-PRIVATE), ANCILLARY AREAS, EQUIPMENT AREAS, ETC.

See attachment B.IV for the floor plan of the existing eye surgery center. The proposed pain management cases will all be performed in its O.R., not in its procedure room, which is reserved for laser touchup of eye surgery cases.

#### IV. FOR A HOME CARE ORGANIZATION, IDENTIFY

- 1. EXISTING SERVICE AREA (BY COUNTY);
- 2. PROPOSED SERVICE AREA (BY COUNTY);
- 3. A PARENT OR PRIMARY SERVICE PROVIDER;
- 4. EXISTING BRANCHES AND/OR SUB-UNITS; AND
- 5. PROPOSED BRANCHES AND/OR SUBUNITS.

Not applicable. The application is not for a home care organization.

#### C(I) NEED

- C(I).1. DESCRIBE THE RELATIONSHIP OF THIS PROPOSAL TO THE IMPLEMENTATION OF THE STATE HEALTH PLAN AND TENNESSEE'S HEALTH: GUIDELINES FOR GROWTH.
- A. PLEASE PROVIDE A RESPONSE TO EACH CRITERION AND STANDARD IN CON CATEGORIES THAT ARE APPLICABLE TO THE PROPOSED PROJECT. DO NOT PROVIDE RESPONSES TO GENERAL CRITERIA AND STANDARDS (PAGES 6-9) HERE.
- B. APPLICATIONS THAT INCLUDE A CHANGE OF SITE FOR A HEALTH CARE INSTITUTION, PROVIDE A RESPONSE TO GENERAL CRITERION AND STANDARDS (4)(a-c).

Not applicable. There are no Guidelines for Growth, and no CON Criteria in the State Health Plan, specific to this type of project. It is not for the establishment of a surgery center, or for the addition of surgical room capacity to an existing surgery center. It is not for the establishment of a listed new health service, and does not include the acquisition of major medical equipment. Nor does it propose a change of site for an existing institution.

However, it should be noted that the State Health Plan's CON review criteria for projects to <u>add</u> ASTC capacity (i.e., an O.R. or procedure room) to an area does include the following:

"The optimum utilization of a dedicated, outpatient, general-purpose Operating Room is 70% of full capacity...

This project is for a facility with one existing operating room that will be scheduled for eye surgery cases on parts of two days per week (40% of the workweek). With the addition of pain management cases during two other days, the operating room's utilization will obviously improve, moving it further toward the State Health Plan's goal of operating at high efficiency.

#### The Framework for Tennessee's Comprehensive State Health Plan

Five Principles for Achieving Better Health

The following Five Principles for Achieving Better Health serve as the basic framework for the State Health Plan. After each principle, the applicant states how this CON application supports the principle, if applicable.

#### 1. Healthy Lives

The purpose of the State Health Plan is to improve the health of Tennesseans. Every person's health is the result of the interaction of individual behaviors, society, the environment, economic factors, and our genetic endowment. The State Health Plan serves to facilitate the collaboration of organizations and their ideas to help address health at these many levels.

The project will be a collaborative effort by two different specialty physician practices, to share in the utilization of existing surgical capacity to economically attain their patient care goals.

#### 2. Access to Care

Every citizen should have reasonable access to health care.

Many elements impact one's access to health care, including existing health status, employment, income, geography, and culture. The State Health Plan can provide standards for reasonable access, offer policy direction to improve access, and serve a coordinating role to expand health care access.

Both Dr. Reeves' and Dr. Woodbury's practices are highly accessible, with strong levels of service to low-income patients. This project will expand the choice that Dr. Woodbury's pain management patients now have as to their site of service, which expands accessibility for the patient.

#### 3. Economic Efficiencies

The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies and the continued development of the state's health care system. The State Health Plan should work to identify opportunities to improve the efficiency of the state's health care system and to encourage innovation and competition.

The project represents the use of existing surgical capacity in as more efficient way, roughly doubling the utilization of the operating room in the applicant's surgery center.

#### 4. Quality of Care

Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers. Health care providers are held to certain professional standards by the state's licensure system. Many health care stakeholders are working to improve their quality of care through adoption of best practices and data-driven evaluation.

Dr. Reeves' facility follows the highest professional standards; it complies with Licensure requirements and is fully accredited by the Joint Commission.

#### 5. Health Care Workforce

The state should support the development, recruitment, and retention of a sufficient and quality health care workforce. The state should consider developing a comprehensive approach to ensure the existence of a sufficient, qualified health care workforce, taking into account issues regarding the number of providers at all levels and in all specialty and focus areas, the number of professionals in teaching positions, the capacity of medical, nursing, allied health and other educational institutions, state and federal laws and regulations impacting capacity programs, and funding.

This small surgery center cannot offer training rotations to area health professions training programs at this time. This particular project has no impact on development of the area workforce.

## C(I).2. DESCRIBE THE RELATIONSHIP OF THIS PROJECT TO THE APPLICANT'S LONG-RANGE DEVELOPMENT PLANS, IF ANY.

This facility does not develop formal long-range plans. The project is consistent with the applicant's goal of fully utilizing an available capital investment in surgical capacity.

C(I).3. IDENTIFY THE PROPOSED SERVICE AREA AND JUSTIFY THE REASONABLENESS OF THAT PROPOSED AREA. SUBMIT A COUNTY-LEVEL MAP INCLUDING THE STATE OF TENNESSEE CLEARLY MARKED TO REFLECT THE SERVICE AREA. PLEASE SUBMIT THE MAP ON A 8-1/2" X 11" SHEET OF WHITE PAPER MARKED ONLY WITH INK DETECTABLE BY A STANDARD PHOTOCOPIER (I.E., NO HIGHLIGHTERS, PENCILS, ETC.).

With the addition of pain management cases, the applicant's surgery center will have a primary service area consisting of five Tennessee counties and one Virginia county, based on calculating and blending Dr. Reeves' and Dr. Woodbury's CY 2015 patient origin data for ophthalmology and pain management cases separately. Table Three below assumes continuation of their current patient origin through CY2017.

Service area maps showing the location of the service within the States of Tennessee and Virginia are provided in application Attachment C, Need--3.

		igin of Reeves Eye Su	
With Add	lition of Pain Manage	ment Cases, CY2016 -	CY2017
County	Percent of Total	Year One Cases	Year Two Cases
Washington	32.9%	588	596
Sullivan	17.0%	304	308
Wise (VA)	10.1%	181	183
Carter	9.0%	160	163
Greene	8.7%	155	158
Hawkins	5.8%	104	105
Subtotal PSA	83.5%	1,492	1,513
Other States &			
Counties <5%	18.1%	295	299
Total All Counties	100.0%	1,787	1,812

Source: Practice records for patient origin.

## C(I).4.A DESCRIBE THE DEMOGRAPHICS OF THE POPULATION TO BE SERVED BY THIS PROPOSAL.

Table Four on the following page provides demographic data for the Tennessee service area of the project. The primary service area (PSA) is older than the State average with a median age of 42 years compared to the State's median age of 38 years; and having 19.6% of its population elderly (65+) compared to 15.2% Statewide. The aging of the area will increase the need for more eye surgeries and pain management cases than typically seen in the Statewide population.

The PSA is also a lower-income area than the State as a whole, having 20.7% of its residents enrolled in TennCare, and 19.1% living below poverty--compared to Statewide percentages of 18.7% in TennCare and 17.6% living in poverty. None of the service area counties has a median household income equal to the State average; the PSA average is 15% below the State average.

			Reeves	Table Four Demographic Characteristics of Primary Service Area Reeves Eye Surgery Center, Johnson CityAddition of Pain Management Services 2015-2019	Demogra y Center,	aphic Char Johnson C 201	haracteristic: n CityAddit 2015-2019	s of Prima ion of Pair	ur Demographic Characteristics of Primary Service Area ery Center, Johnson CityAddition of Pain Management ( 2015-2019	Area nent Servi	seo			
Primary Service						ª	mographic	Demographic Characteristics	tics					
												Percent of		Persons Below
	Median Age	Total	Total	Total	Total Population		Total Population		Age 65+ Population	Median		2014 Population	Persons Below	Poverty Level as % of
, de la companya de l	- 2010	2	Population	% Change	Age 65+	% of	Age 65+	% of Population	% of - Change Population 2015 - 2019	Household	TennCare Enrollees	Enrolled in TennCare	Poverty Level 2014	Population US Census
Carter	42.2			0.8%	1	19.7%	12,208	21.3%	8.2%	Į.	13,201	23.0%	13,135	22.9%
Greene	42.6			2.1%	14,144	20.1%	15,120	21.4%	96.9	\$35,545	15,338	21.7%	15,514	22.0%
Hawkins	42.1	57,741	58,241	%6.0	11,739	20.3%	13,425	23.3%	14,4%	\$37,357	13,769	23,8%	9,354	16.2%
Sullivan	43.6	159,494	161,707	1.4%	34,287	21.5%	38,477	24.1%	12.2%	\$39,479	32,957	20.7%	29,187	18.3%
Washington	39.3		140,184	5.7%	22,369	16.9%	24,871	18.8%	11.2%	\$42,075	23,541	17.8%	24,266	18.3%
Tennessee PSA	45.0	477,713	489,949	2.6%	93,818	19.6%	104,101	21.8%	11.0%	\$37,260	98,806	20.7%	91,457	19.1%
State of Tennessee	38.0	6,649,438	6,894,997	3.7%	1,012,937	15.2%	1,134,565	17.1%	12.0%	\$44,298	1,241,028	18.7%	1,170,301	17.6%

Sources: TDH Population Projections, May 2013; U.S. Census QuickFacts; TennCare Bureau Aug 2015. PSA data is unweighted average, or total, of county data.

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C(I).4.B. DESCRIBE THE SPECIAL NEEDS OF THE SERVICE AREA POPULATION, INCLUDING HEALTH DISPARITIES, THE ACCESSIBILITY TO CONSUMERS, PARTICULARLY THE ELDERLY, WOMEN, RACIAL AND ETHNIC MINORITIES, AND LOW-INCOME GROUPS. DOCUMENT HOW THE BUSINESS PLANS OF THE FACILITY WILL TAKE INTO CONSIDERATION THE SPECIAL NEEDS OF THE SERVICE AREA POPULATION.

The facility has been accessible to these groups since its opening two years ago. Its payor mix next year is anticipated to be 35.8% Medicare, 13.3% TennCare, and 2.4% Self-Pay and Charity. Neither physician discriminates against taking patients on the basis of age, gender, race, ethnicity, or low income.

During its first two years of operation, the facility took much longer than originally anticipated, to get under contract with commercial and Blue Cross plans; so the facility has been losing money each month prior to mid-2015. Now all insurance plans are in place and a more normal payor mix is being experienced. This will allow more charity care to be provided than was possible in the first one and a half years, when the facility experienced significant losses due to being unable to serve commercially- or Blue Cross-insured patients.

C(I).5. DESCRIBE THE EXISTING OR CERTIFIED SERVICES, INCLUDING APPROVED BUT UNIMPLEMENTED CON'S, OF SIMILAR INSTITUTIONS IN INCLUDE UTILIZATION AND/OR OCCUPANCY THE SERVICE AREA. TRENDS FOR EACH OF THE MOST RECENT THREE YEARS OF DATA AVAILABLE FOR THIS TYPE OF PROJECT. BE CERTAIN TO LIST EACH **INSTITUTION AND** ITS UTILIZATION AND/OR **OCCUPANCY** INPATIENT BED PROJECTS MUST INCLUDE THE INDIVIDUALLY. FOLLOWING DATA: ADMISSIONS OR DISCHARGES, PATIENT DAYS, AND OCCUPANCY. OTHER E.G., CASES, PROCEDURES, VISITS, ADMISSIONS, ETC.

Table Five on the following page shows the most recent three years of utilization of all of the service area's ambulatory surgery facilities that reported providing pain management services in 2014. There are eight such facilities in the primary service area. Please note that none of these is now performing the cases that will be coming to the Reeves Surgery Center if this application is approved; so they will not be impacted.

Table Five: Reeves Eye Surgery CenterProposed Addition of Pain Management Services Utilization of Ambujatory Surgical Treatment Centers That Perform Pain Management Cases	e: Reeves Eye Surgery of Ambuiatory Surgical	Eye S tory S	urgery C urgical T	enterPr reatment	enterProposed Addi reatment Centers The Primary Service Area	Addition s That Pe	CenterProposed Addition of Pain Management Services Treatment Centers That Perform Pain Management Case	Aanagem iin Mana	ent Serv gement C	ices		
				,					100			D. WEST
		7	014 Joi	2014 Joint Annual Report of ASTC	ıal Repo	ort of A	STC's					
			Cases in	Cases Per	Procedure	Cases in Procedure	Cases Per Procedure	Total Surgical		Cases Per Surgical	Pain Management	Pain Management % of Total
	County	0.R.'s	OR's	O.R.	Rooms	Rooms	Room	Roooms	Total Cases	Room	Cases	Cases
East Tennessee Ambulatory Surgery Center	Washington	4 4	2,453	7	7 0	285	296	9	3,045	ROG	83	10 10
Mountain Empire Surgery Center	Washington	1 0	4,932	0.233	7	2 080	1 030	200	2.060		2 060	100 0%
Print Surgery Center	Sullivan	2	2 00 6	502	1	2,000		J Lr	2,000		1 198	44 5%
Holston Valley Surgery Center	Sullivan	4 4	3.279		4	2 551		0 00	5,830	729	601	10.3%
Vinceport Ambulatory Surgery Conter	Sullivan	7	2 326		-	664		) Lr	7 990		664	22.2%
Densissance Survey Center	Sullivan	2	220		-	1 022	-	7 (*	1 292		1 022	79 1%
Sabling Grove Ambiliatory Surgery Center	Sullivan	2	1.555	778		1 262		m	2.817		65	2.3%
PRIMARY SERVICE AREA	-	24	16,821	701	14	8,837		38	25,658	675	6,634	25.9%
							- No. of Lot					
		12	2013 Joint	nt Annual	ial Report	6	ASTC's					
				C	-	Cases in	Cases Per	Total		Cases Per	Pain	Pain Management
Facility Name	County	O.R.'s	Cases In O.R.'s	Cases Per O.R.	Rooms	Rooms	Procedure Room	Roooms	Total Cases	Room	Cases	% of fotal
East Tennessee Ambulatory Surgery Center	Washington	4	2,660	665	2	991	331	9	3,321	554	59	1.8%
Johnson City Med. Center Ambulatory Surgery	Washington	8	1,354	169	*	14	14	6	1,368	152		4.5%
Mountain Empire Surgery Center	Washington	4	5,141	1,285	2	0	0	9	5,141			21.6%
PMA Surgery Center	Washington	0	0		2	2,177		2	2.177	1,089		100.0%
Bristol Surgery Center	Sullivan	4	2,225		7	739		2	2,964			47.3%
Holston Valley Surgery Center	Sullivan	4	1,337		4	1,828		00 1	3,165	396	375	11 8%
Kingsport Ambulatory Surgery Center	Sullivan	4	2,196			891		0 0	3,087		881	%6.87
Renaissance Surgery Center	Sullivan	2 0	364	182		988	998	2) 6	1,362	454	1,11,	87.0%
Saping Grove Ambulatory Surgery Center	Sumvan	7 66	2,430		45	0 430		77	26 042		1	27 30
		35	11,113		2	9, 100		*	20,312	0	J	21.270
2012 Joint Annual Report	of ASTC's	s (Note:	te: 2012	JAR	did not report	report	cases per	er OR or	cases	per Pro	Procedure R	Room)
						Cases in	Cases Per	Total		Cases Per	Pain	Pain
Eacility Name	, de	٥	Cases in	Cases Per	Procedure	Procedure	Procedure	Surgical	Total Cases		Management	% of Total
Fast Tennessee Ambulatory Surgery Center	Washington	4	0 40		2	eriloov.	0001	9	3,196	L	186	5.8%
Johnson City Med, Center Ambulatory Surgery	Washington	8			F			9			7.2	2.8%
Mountain Empire Surgery Center	Washington	4			2			9			1	24.2%
PMA Surgery Center	Washington	0			2			2		1		100.0%
Bristol Surgery Center	Sullivan	4			-			2		642		42.8%
Holston Valley Surgery Center	Sullivan	4			4			8				16.9%
Kingsport Ambulatory Surgery Center	Sullivan	4 (						2 2				36.6%
Renaissance Surgery Center	Sullivan	2 6						2 6	3 324	1 108	174	5.2%
DDIMADY SERVICE APEA		32			15			47	1,		σ	31 4%
		3			2		00.00		Ш			2
		ı				١		۱				

\* 2013 Renaissance cases shown are in proportion to JAR procedures/room, which provider incorrectly reported on page 7 of the JAR.

C(I).6. PROVIDE APPLICABLE UTILIZATION AND/OR OCCUPANCY STATISTICS FOR YOUR INSTITUTION FOR EACH OF THE PAST THREE (3) YEARS AND THE PROJECTED ANNUAL UTILIZATION FOR EACH OF THE TWO (2) YEARS FOLLOWING COMPLETION OF THE PROJECT. **PROVIDE DETAILS** REGARDING ADDITIONALLY, THE THE **METHODOLOGY USED** TO **PROJECT** UTILIZATION. METHODOLOGY MUST INCLUDE DETAILED CALCULATIONS OR DOCUMENTATION FROM REFERRAL SOURCES, AND IDENTIFICATION OF ALL ASSUMPTIONS.

Tal	ble Six-A: Reeves Eye Historical and I	Surgery Center (1 O. Projected Cases	<b>R.</b> )
Year	Ophthalmology	Pain Management	Total Cases & Cases per O.R.
CY2014	389	0	
CY 2015	962	0	
CY 2016Year 1	1220	567	1787
CY 2017Year 2	1244	567	1812

Source: ASTC Management.

		ix-B: Reeves Eye Projected Ophtha								
Year	Cataract	Blephoroplasty	Yag	Other	Total					
CY 2014	CY 2014 273 12 93 11 389									
CY 2015	674	38	231	19	962					
CY 2016Year 1	856	36	292	36	1220					
CY 2017Year 2	873	37	297	37	1244					

Source: ASTC Management.

#### Projection of Pain Management Cases

This is the same for Years One and Two. It is the number of cases that Dr. Wayne Woodbury stated he would bring to this facility each year. His practice is much larger than that; so this is considered to be a reliable projection.

#### Projection of Ophthalmology Cases

Dr. Reeves' eye surgery cases have grown steadily in CY2015, as his facility was accepted into major insurance contracts such as the area Blue Cross plans. In Q3 of 2015, he performed 263 cases, which was a 15.9% increase over Q2 of 2015. The

projection for Q4 of 2015 assumes another 15.9% increase, to 305 cases. That will give the facility 962 cases for all of CY2015.

The projection for CY2016 assumed that each quarter would average the 305 cases experienced in the last quarter of CY2015. That gives a projection of 1,220 eye surgery cases in CY2016, Year One of the project. Year Two utilization was projected to be 1,244 cases, reflecting a modest increase of 2% from the Year One caseloads.

C(II)1. PROVIDE THE COST OF THE PROJECT BY COMPLETING THE PROJECT COSTS CHART ON THE FOLLOWING PAGE. JUSTIFY THE COST OF THE PROJECT.

- ALL PROJECTS SHOULD HAVE A PROJECT COST OF AT LEAST \$3,000 ON LINE F (MINIMUM CON FILING FEE). CON FILING FEE SHOULD BE CALCULATED ON LINE D.
- THE COST OF ANY LEASE (BUILDING, LAND, AND/OR EQUIPMENT) SHOULD BE BASED ON FAIR MARKET VALUE OR THE TOTAL AMOUNT OF THE LEASE PAYMENTS OVER THE INITIAL TERM OF THE LEASE, WHICHEVER IS GREATER. NOTE: THIS APPLIES TO ALL EQUIPMENT LEASES INCLUDING BY PROCEDURE OR "PER CLICK" ARRANGEMENTS. THE METHODOLOGY USED TO DETERMINE THE TOTAL LEASE COST FOR A "PER CLICK" ARRANGEMENT MUST INCLUDE, AT A MINIMUM, THE PROJECTED PROCEDURES, THE "PER CLICK" RATE AND THE TERM OF THE LEASE.
- THE COST FOR FIXED AND MOVEABLE EQUIPMENT INCLUDES, BUT IS NOT NECESSARILY LIMITED TO, MAINTENANCE AGREEMENTS COVERING THE EXPECTED USEFUL LIFE OF THE EQUIPMENT; FEDERAL, STATE, AND LOCAL TAXES AND OTHER GOVERNMENT ASSESSMENTS; AND INSTALLATION CHARGES, EXCLUDING CAPITAL EXPENDITURES FOR PHYSICAL PLANT RENOVATION OR IN-WALL SHIELDING, WHICH SHOULD BE INCLUDED UNDER CONSTRUCTION COSTS OR INCORPORATED IN A FACILITY LEASE.
- FOR PROJECTS THAT INCLUDE NEW CONSTRUCTION, MODIFICATION, AND/OR RENOVATION; DOCUMENTATION MUST BE PROVIDED FROM A CONTRACTOR AND/OR ARCHITECT THAT SUPPORT THE ESTIMATED CONSTRUCTION COSTS.

The architect's letter supporting the construction cost estimate is provided in Attachment C, Economic Feasibility--1.

On the Project Costs Chart, the only costs were A.2 (Fees) and A8 (Equipment). The former were estimated by the applicant's development team. The equipment costs and specifications were provided by prospective vendors with whom the applicant's Director discussed the project.

## PROJECT COSTS CHART--REEVES EYE SURGERY CENTER ADDITION OF PAIN MANAGEMENT SERVICES

#### A. Construction and equipment acquired by purchase:

	<ol> <li>Architectural and Engineering Fees</li> <li>Legal, Administrative, Consultant Fees (Example 2)</li> <li>Acquisition of Site</li> <li>Preparation of Site</li> <li>Construction Cost</li> <li>Contingency Fund</li> <li>Fixed Equipment (Not included in Construction Moveable Equipment (List all equipment or six and si</li></ol>	etion Contract)	0 45,000 0 0 0 0 127,881
	9. Other (Specify)		0
В.	Acquisition by gift, donation, or lease:		
	1. Facility (inclusive of building and land)		0
	<ul><li>2. Building only</li><li>3. Land only</li></ul>		0
	(0.15)	<del></del>	0
	<ol> <li>Equipment (Specify)</li> <li>Other (Specify)</li> </ol>	-	0
C.	Financing Costs and Fees:  1. Interim Financing 2. Underwriting Costs 3. Reserve for One Year's Debt Service 4. Other (Specify)		0 0 0 0
D.	Estimated Project Cost (A+B+C)		172,881
E.	CON Filing Fee	-	3,000
F.	Total Estimated Project Cost (D+E)	TOTAL \$	175,881
	* Crash cart, C-arm, table, RF generator. Only the C-arm (\$69,900) exceeds \$50,000.	Actual Capital Cost Section B FMV	175,881 0

C(II).2.	IDENTIFY	THE FUNDING	<b>SOURCES F</b>	FOR TI	HIS PROJECT.
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a. PLEASE CHECK THE APPLICABLE ITEM(S) BELOW AND BRIEFLY SUMMARIZE HOW THE PROJECT WILL BE FINANCED. (DOCUMENTATION FOR THE TYPE OF FUNDING MUST BE INSERTED AT
THE END OF THE APPLICATION, IN THE CORRECT ALPHANUMERIC ORDER AND IDENTIFIED AS ATTACHMENT C, ECONOMIC FEASIBILITY2).
_xA. Commercial LoanLetter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
B. Tax-Exempt Bondscopy of preliminary resolution or a letter from the issuing authority, stating favorable contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
C. General Obligation BondsCopy of resolution from issuing authority or minutes from the appropriate meeting;
D. GrantsNotification of Intent form for grant application or notice of grant award;
E. Cash ReservesAppropriate documentation from Chief Financial Officer; or
F. OtherIdentify and document funding from all sources.
The project will be funded/financed by a loan from a local bank in the service

area. Documentation of financing is provided in Attachment C, Economic Feasibility--2.

C(II).3. DISCUSS AND DOCUMENT THE REASONABLENESS OF THE PROPOSED PROJECT COSTS. IF APPLICABLE, COMPARE THE COST PER SQUARE FOOT OF CONSTRUCTION TO SIMILAR PROJECTS RECENTLY APPROVED BY THE HSDA.

Not applicable. The project requires no more than the purchase of additional equipment.

C(II).4. COMPLETE HISTORICAL AND PROJECTED DATA CHARTS ON THE FOLLOWING TWO PAGES--DO NOT MODIFY THE CHARTS PROVIDED OR SUBMIT CHART SUBSTITUTIONS. HISTORICAL DATA CHART REPRESENTS REVENUE AND EXPENSE INFORMATION FOR THE LAST THREE (3) YEARS FOR WHICH COMPLETE DATA IS AVAILABLE FOR THE INSTITUTION. PROJECTED DATA CHART REQUESTS INFORMATION FOR THE TWO YEARS FOLLOWING COMPLETION OF THIS PROPOSAL. PROJECTED DATA CHART SHOULD INCLUDE REVENUE AND EXPENSE PROJECTIONS FOR THE PROPOSAL ONLY (I.E., IF THE APPLICATION IS FOR ADDITIONAL BEDS, INCLUDE ANTICIPATED REVENUE FROM THE PROPOSED BEDS ONLY, NOT FROM ALL BEDS IN THE FACILITY).

See the following pages for these charts, with notes where applicable.

#### HISTORICAL DATA CHART -- REEVES EYE SURGERY CENTER

Give information for the last three (3) years for which complete data are available for the facility or agency.

The fiscal year begins in JANUARY.

THE	IISCai	year begins i	III JANOANI.			Year 20 NA		Year 2014		Year 2015
A.	Utilia	zation Data		Cases		0		389		962
В.	Reve	enue from Sei	rvices to Patients		-		i		-	
	1.	Inpatient Se	ervices		\$					
	2.	Outpatient	Services			0		1,880,623		3,960,806
	3.	Emergency	Services		_	0				
	4.	Other Opera	ating Revenue					1		77,568
		(Specify)	See notes page							
				<b>Gross Operating Revenue</b>	\$_	0	\$_	1,880,624	\$_	4,038,373
C.	Ded	uctions for O	perating Revenue							
	1.	Contractual	Adjustments		<b>\$</b> _	0	=	1,595,359	_	3,339,580
	2.	Provision fo	r Charity Care		_				_	20,199
	3.	Provisions f	or Bad Debt		_	0	_		_	6,719
				Total Deductions	\$_	0	\$_	1,595,359	<b>\$</b> _	3,366,498
NET	OPER	ATING REVEN	NUE		\$_	0	<b>\$</b> _	285,265	<b>\$</b> _	671,875
D.	Ope	rating Expens	ses							
	1.	Salaries and	-		<b>\$</b> _	0		150,838		177,970
	2.	Physicians S	Salaries and Wages		_	0		0	-	0
	3.	Supplies			_	0	-	136,869	-	210,945
	4.	Taxes			_	0	_	5,757	-	7,188
	5.	Depreciation	n		-	0	_	170,188		32,474
	6.	Rent				0	_	56,949		93,000
	7.	Interest, ot	her than Capital		1,000		0,-	0		0
	8.	Managemer								
		a. Fees to				0	_	0	_	0
			Non-Affiliates			0	_	0		0
	9.	Other Exper	nses (Specify)	See notes page			1	17,403		21,681
				Total Operating Expenses	<b>\$</b> _	0	-	538,005	6	543,258
E.			Expenses) Net (Sp	ecify)	\$_		<b>\$</b> _	(92,687)	\$_	(168,021)
NET		ATING INCOM			\$	0	<b>\$</b> _	(345,426)	16-	(39,403)
F.	Capi	tal Expenditu								
	1.	Retirement	of Principal		\$_	0	<b>\$</b> _	0	<b>\$</b> _	7,000
	2.	Interest				0		5,783		4,808
				Total Capital Expenditures	\$	0	<b>\$</b> _	5,783	<b>\$</b> _	11,808
		ATING INCOM				_		40		, <b></b>
LES	S CAP	ITAL EXPEND	ITURES		\$_	0	\$_	(351,209)	\$_	(51,211)

HISTORIC DATA CHART	Jan - Dec 14	
Other Expenses		
Dues and Subscriptions	903.00	
Insurance Expense	2,372.16	
Licenses & Permits	1,469.00	
Utilities	12,659.24	
		17,403.40
Other Revenue ( Expenses)		
Advertising and Promotion	678.30	
Automobile Expense	65.27	
Bank Service Charges	2,333.33	
<b>Business Licenses and Permits</b>	308.25	
Computer and Internet Expenses	9,787.40	
Consulting	6,200.00	
Continuing Education	1,144.36	
Janitorial Expense	8,130.85	
Maintenance Fees	9,172.67	
Meals and Entertainment	2,063.20	
Office Supplies	4,537.08	
Other Operating Expenses	3,637.29	
Credentialling	2,324.09	
Professional Fees	37,496.85	
Repairs and Maintenance	2,285.93	
Travel Fuel	347.32	
Travel Expense - Other	789.70	
Uniforms	1,384.79	
		92,686.68

HISTORIC DATA CHART	2015 Estimated	
Other Expenses		
Dues and Subscriptions	315.00	
Insurance Expense	3,157.38	
Licenses & Permits	282.00	
Utilities	17,926.50	
	·	21,680.88
Other Revenue ( Expenses)		
Credit Card Payments	3,468.00	
Advertising and Promotion	17,926.45	
Automobile Expense	95.08	
Equipment Rental	11,700.00	
Bank Service Charges	8,222.52	
Computer and Internet Expenses	9,522.57	
Consulting	15,859.44	
Janitorial Expense	14,050.13	
Laboratory Fees	225.00	
Maintenance Fees	11,729.79	
Meals and Entertainment	183.09	
Office Supplies	1,180.39	
Other Expenses	17,106.86	
Professional Fees		
Credentialling	6,262,50	
Professional Fees	46,973.71	
Repairs and Maintenance	3,465.54	
Travel Fuel	49.91	
		168,020.96

# PROJECTED DATA CHART-- REEVES EYE SURGERY CENTER (INCLUDING OPHTHALMIC AND PAIN MANAGEMENT CASES)

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in JANUARY).

						CY 2016		CY 2017
A.	Utilia	zation Data	Cases		_	1,787		1,812
В.	Reve	enue from Services to Patients			-			
	1.	Inpatient Services			\$		\$	
	2.	Outpatient Services				9,532,836		9,679,236
	3.	Emergency Services				0		0
	4.	Other Operating Revenue (Spe	cify) See no	otes page		82,262		83,907
			Gross Operat	ing Revenue	\$	9,615,098	\$_	9,763,143
C.	Ded	uctions for Operating Revenue						
	1.	Contractual Adjustments			\$	8,356,382	\$	8,484,571
	2.	Provision for Charity Care				83,889		85,177
	3.	Provisions for Bad Debt				24,400		26,132
			Total	Deductions	\$_	8,464,671	\$_	8,595,880
NET	OPER	ATING REVENUE			\$_	1,150,427	\$_	1,167,263
D.	Ope	rating Expenses			- 1			
	1.	Salaries and Wages			\$_	253,686	\$_	257,762
	2.	Physicians Salaries and Wages				0		0
	3.	Supplies			0	408,345		414,633
	4.	Taxes				8,680		8,680
	5.	Depreciation				68,748		68,748
	6.	Rent			-	93,000	_	93,000
	7.	Interest, other than Capital				0		0
	8.	Management Fees			:\=		37	
		a. Fees to Affiliates			0	0		0
		b. Fees to Non-Affiliates				0	_	0
	9.	Other Expenses (Specify)	See notes pag	e		36,420		36,973
		Dues, Utilities, Insurance, and Prop Taxes.						
			Total Operation	ng Expenses	\$_	868,879	\$_	879,796
E.	Othe	er Revenue (Expenses) Net (S	oecify)		\$_	(146,870)	\$_	(148,314)
NET	OPER	ATING INCOME (LOSS)			\$_	134,678	\$_	139,153
F.	Capi	tal Expenditures						
	1.	Retirement of Principal			\$_	55,089_		56,112
	2.	Interest				17,152	_	14,265
			Total Capital E	Expenditures	\$_	72,241	\$_	70,377
NET	OPER	ATING INCOME (LOSS)				=======================================	-	
		ITAL EXPENDITURES			\$_	62,437	\$_	68,776

PROJECTED DATA CHART	2016		2017	
Other Expenses				
Dues and Subscriptions	2,400,00		2,400.00	
Insurance - Malpractice	9,000.00		9,450.00	
Insurance - Property	3,420,00		3,523.00	
Utilities	21,600.00		21,600.00	
		36,420,00		36,973.00
Other Revenue ( Expenses )				
Education / Consulting	2,020.00		2,020_00	
Office Expenses	7,570,00		7,677_00	
Business Travel and Meals	750.00		750.00	
Equipment Repair / Rental	17,062.00		17,135.00	
Computer and Internet Expenses	8,760.00		8,760.00	
Laundry Services / Linen	8,937.00		9,059.00	
Janitorial Expense	20,100.00		20,502,00	
Medical Gases	2,234.00		2,265.00	
Med Waste	1,140.00		1,175.00	
Phone Services	3,480_00		3,480.00	
Marketing and Advertising	5,400.00		5,400.00	
Professional Fees				
Medical Billing	46,017.00		46,691,00	
Other - Accounting/Legal	3,900,00		3,900,00	
Facility Maintenance Fees	4,500.00		4,500,00	
Other Expenses				
Bank Service Fees	3,000.00		3,000-00	
Credit Card Fees	8,500.00		8,500.00	
Other Misc	3,500.00		3,500.00	
		146,870.00		148,314.00

C(II).5. PLEASE IDENTIFY THE PROJECT'S AVERAGE GROSS CHARGE, AVERAGE DEDUCTION FROM OPERATING REVENUE, AND AVERAGE NET CHARGE.

Table Seven: Reeves Eye Surgery Cente Average Charges, Deductions, an		
	CY2016	CY2017
Cases	1,787	1,812
Average Gross Charge Per Case	\$5,381	\$5,388
Average Deduction Per Case	\$4,737	\$4,744
Average Operating Income Per Case	\$644	\$44
Average Net Operating Income Per Case After Capital Expenditures	\$75	\$77

C(II).6.A. PLEASE PROVIDE THE CURRENT AND PROPOSED CHARGE SCHEDULES FOR THE PROPOSAL. DISCUSS ANY ADJUSTMENT TO CURRENT CHARGES THAT WILL RESULT FROM THE IMPLEMENTATION OF THE PROPOSAL. ADDITIONALLY, DESCRIBE THE ANTICIPATED REVENUE FROM THE PROPOSED PROJECT AND THE IMPACT ON EXISTING PATIENT CHARGES.

The Reeves Eye Surgery Center will not need to adjust its charges in response to this project, due to the very small capital cost of preparing the facility to support pain management cases.

The response to C(II).6.B below provides the average gross charges for the most frequent services in the facility.

C(II).6.B. COMPARE THE PROPOSED CHARGES TO THOSE OF SIMILAR FACILITIES IN THE SERVICE AREA/ADJOINING SERVICE AREAS, OR TO PROPOSED CHARGES OF PROJECTS RECENTLY APPROVED BY THE HSDA. IF APPLICABLE, COMPARE THE PROJECTED CHARGES OF THE PROJECT TO THE CURRENT MEDICARE ALLOWABLE FEE SCHEDULE BY COMMON PROCEDURE TERMINOLOGY (CPT) CODE(S).

Table Eight below compares average gross charge per case of this project and several area surgery centers authorized for pain management. There is no directly comparable facility in the area, or known to the applicant, that performs only ophthalmology and pain management cases, so the relevance of these charge comparisons is questionable.

Table Eight: CY2014 Compared to CY				
				Avge. Gross
Facility	City	Gross Charges	Cases	Charge/Case
PMA Surgery Center	Johnson City	\$11,919,564	2,060	\$5,786 (2014)
Mountain Empire Surg Center	Johnson City	\$54,448,135	4,932	\$11,039 (2014)
Renaissance Surgery Center	Kingsport	\$1,815,688	1,292	\$1,405 (2014)
Holston Valley Surgery Center	Kingsport	\$16,207,420	5,830	\$9,070 (2014)
THIS PROJECT	Johnson City	\$9,615,098	1,787	\$5,381 (2016)

Sources: 2014 Joint Annual Reports; Projected Data Chart in this application.

Table Nine on the following page compares the applicant's projected charges for frequently performed surgeries to current 2015 Medicare reimbursement for those surgeries.

	Table Nine: Reeves Eye S	~ .		
	Charge Data for Most Freq	uent Procedu		
			Proj. Gros	s Charge
СРТ	Description	Current Medicare Allowable	CY 2016 Year 1	CY2017 Year 2
	Ophthalmology			
11640	Excision, malignant lesion including margins	\$116.58	\$900	\$900
15821	Revision of lower eyelid	\$672.33	\$4,200	\$4,200
15823	Revision of upper eyelid	\$672.33	\$4,200	\$4,200
65436	Curette/treat cornea	\$180.17	\$1,200	\$1,200
66821	Yag Capsulotomy After Cataract	\$211.93	\$1,500	\$1,500
66982	Cataract surgery complex	\$837.24	\$5,400	\$5,400
66984	Cataract surg w/iol 1 stage	\$837.24	\$5,400	\$5,400
67875	Closure of eyelid by suture	\$335.19	\$2,100	\$2,100
67917	Repair eyelid defect	\$733.12	\$4,500	\$4,500
	E 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1			
	Pain Management			
	Inject epidural patch	321.05	\$2,275	\$2,275
	Inject spine c/t	321.05	\$2,275	\$2,275
	Inject spine l/s (cd)	321.05	\$2,275	\$2,275
	N block inj intercost mlt	321.05	\$2,275	\$2,275
	Inj foramen epidural l/s	321.05	\$2,275	\$2,275
	Inj paravert f jnt c/t 1 lev	321.05	\$2,275	\$2,275
	Inj paravert f jnt l/s 1 lev	321.05	\$2,275	\$2,275
	Destroy cerv/thor facet jnt	702.24	\$4,875	\$4,875
64635	Destroy lumb/sac facet jnt	702.24	\$4,875	\$4,875

Source: Facility Management and Phybus.

# C(II).7. DISCUSS HOW PROJECTED UTILIZATION RATES WILL BE SUFFICIENT TO MAINTAIN COST-EFFECTIVENESS.

The projected cases in the project are sufficient to show a positive cash flow; the project is financially feasible at competitive rates.

# C(II).8. DISCUSS HOW FINANCIAL VIABILITY WILL BE ENSURED WITHIN TWO YEARS; AND DEMONSTRATE THE AVAILABILITY OF SUFFICIENT CASH FLOW UNTIL FINANCIAL VIABILITY IS MAINTAINED.

As noted elsewhere in the application, the applicant facility is entering a more financially stable position in the third and fourth quarters of CY 2015, now that it has succeeded in gaining acceptance to contracts with such major area insurers as Blue Cross, and several commercial insurers. The Projected Data Chart shows a small operating margin with the projected eye surgery and pain management cases for CY 2016 and CY 2017; and in both years there is a positive cash flow.

C(II).9. DISCUSS THE PROJECT'S PARTICIPATION IN STATE AND FEDERAL REVENUE PROGRAMS, INCLUDING A DESCRIPTION OF THE EXTENT TO WHICH MEDICARE, TENNCARE/MEDICAID, AND MEDICALLY INDIGENT PATIENTS WILL BE SERVED BY THE PROJECT. IN ADDITION, REPORT THE ESTIMATED DOLLAR AMOUNT OF REVENUE AND PERCENTAGE OF TOTAL PROJECT REVENUE ANTICIPATED FROM EACH OF TENNCARE, MEDICARE, OR OTHER STATE AND FEDERAL SOURCES FOR THE PROPOSAL'S FIRST YEAR OF OPERATION.

	Table Ten: Reeves Eye Surger ojected Payor Mix in Year Ond	
Payor	Percent of Gross Revenue, Year One (2016)	Amount of Gross Revenue, Year One (2016)
Medicare	35.76%	\$3,438,358
Medicaid/TennCare	13.30%	\$1,278,808
Blue Cross	13.49%	\$1,297,077
Commercial	33.93%	\$3,262,403
Self-Pay	1.53%	\$147,111
Charity	.88%	\$84,613
Other	1.11%	\$106,728
Total	100%	\$9,615,098

Source: ASTC Management. Percent of Gross Revenue is on OP Services Revenue, Projected Data Chart.

C(II).10. PROVIDE COPIES OF THE BALANCE SHEET AND INCOME STATEMENT FROM THE MOST RECENT REPORTING PERIOD OF THE INSTITUTION, AND THE MOST RECENT AUDITED FINANCIAL STATEMENTS WITH ACCOMPANYING NOTES, IF APPLICABLE. FOR NEW PROJECTS, PROVIDE FINANCIAL INFORMATION FOR THE CORPORATION, PARTNERSHIP, OR PRINCIPAL PARTIES INVOLVED WITH THE PROJECT. COPIES MUST BE INSERTED AT THE END OF THE APPLICATION, IN THE CORRECT ALPHANUMERIC ORDER AND LABELED AS ATTACHMENT C, ECONOMIC FEASIBILITY--10.

These are provided as Attachment C, Economic Feasibility--10.

C(II)11. DESCRIBE ALL ALTERNATIVES TO THIS PROJECT WHICH WERE CONSIDERED AND DISCUSS THE ADVANTAGES AND DISADVANTAGES OF EACH ALTERNATIVE, INCLUDING BUT NOT LIMITED TO:

- A. A DISCUSSION REGARDING THE AVAILABILITY OF LESS COSTLY, MORE EFFECTIVE, AND/OR MORE EFFICIENT ALTERNATIVE METHODS OF PROVIDING THE BENEFITS INTENDED BY THE PROPOSAL. IF DEVELOPMENT OF SUCH ALTERNATIVES IS NOT PRACTICABLE, THE APPLICANT SHOULD JUSTIFY WHY NOT, INCLUDING REASONS AS TO WHY THEY WERE REJECTED.
- B. THE APPLICANT SHOULD DOCUMENT THAT CONSIDERATION HAS BEEN GIVEN TO ALTERNATIVES TO NEW CONSTRUCTION, E.G., MODERNIZATION OR SHARING ARRANGEMENTS. IT SHOULD BE DOCUMENTED THAT SUPERIOR ALTERNATIVES HAVE BEEN IMPLEMENTED TO THE MAXIMUM EXTENT PRACTICABLE.

Neither new construction nor renovation will be necessary to implement the project, which simply makes use of existing O.R. space that is not used on three days of each workweek. There is no less costly way for a surgery center to add the pain management specialty.

It will offer consumers no advantage for these pain surgeries to be moved to any other surgery center; the payments by insurers will be the same or almost the same, at any ASTC location. So the applicant does not believe that even from a system-wide standpoint, there is any more efficient or more effective way to accommodate this relocation of cases. Dr. Woodbury's medical practice is compelled to relocate them to a licensed facility; Dr. Reeves' facility has an operating room that can be equipped at low cost to support all of Dr. Woodbury's intended cases; and the Reeves facility has a wide-open O.R. schedule on three days per week for the foreseeable future.

C(III).1. LIST ALL EXISTING HEALTH CARE PROVIDERS (I.E., HOSPITALS, NURSING HOMES, HOME CARE ORGANIZATIONS, ETC.) MANAGED CARE ORGANIZATIONS, ALLIANCES, AND/OR NETWORKS WITH WHICH THE APPLICANT CURRENTLY HAS OR PLANS TO HAVE CONTRACTUAL AND/OR WORKING RELATIONSHIPS, E.G., TRANSFER AGREEMENTS, CONTRACTUAL AGREEMENTS FOR HEALTH SERVICES.

The facility has transfer agreements with the Franklin Woods hospital in Johnson City (part of Mountain States Health Alliance).

C(III).2. DESCRIBE THE POSITIVE AND/OR NEGATIVE EFFECTS OF THE PROPOSAL ON THE HEALTH CARE SYSTEM. PLEASE BE SURE TO DISCUSS ANY INSTANCES OF DUPLICATION OR COMPETITION ARISING FROM YOUR PROPOSAL, INCLUDING A DESCRIPTION OF THE EFFECT THE PROPOSAL WILL HAVE ON THE UTILIZATION RATES OF EXISTING PROVIDERS IN THE SERVICE AREA OF THE PROJECT.

This is an unusual project in that it has no negative impact on any other provider or any payor in the health care system. The project offers the use of available surgery center O.R. time to a pain management physician who is going to move a certain bloc of his cases out of the practice office, into some local surgery center, because the practice cannot keep losing money on these cases due to costs of supplies exceeding reimbursement to a physician office setting. Because the cases have never been done before now in a local licensed facility, this is not a caseload that will come out of any existing ASTC's utilization; so the project cannot have any adverse impact on any other licensed provider.

This physician practice is doing only what others can do, and have done. It will be done with another surgery center if he is not allowed to use Dr. Reeves' facility. There is no financial gain to the physician himself in relocating these cases to the Reeves Eye Surgery Center, because he has no ownership in Dr. Reeves' facility. His practice will reduce its losses; but this can be done by moving the cases to any existing ASTC.

But the project will be very helpful to the Reeves facility, which can significantly increase its cases and modestly increase its financial feasibility.

C(III).3. PROVIDE THE CURRENT AND/OR ANTICIPATED STAFFING PATTERN FOR ALL EMPLOYEES PROVIDING PATIENT CARE FOR THE PROJECT. THIS CAN BE REPORTED USING FTE'S FOR THESE POSITIONS. IN ADDITION, PLEASE COMPARE THE CLINICAL STAFF SALARIES IN THE PROPOSAL TO PREVAILING WAGE PATTERNS IN THE SERVICE AREA AS PUBLISHED BY THE TENNESSEE DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT AND/OR OTHER DOCUMENTED SOURCES.

The use of a C-arm for the pain management cases will require employing a radiologic technician. That is the only new full-time person required. The other staffing needs for the new service will be met by increasing the time spent on pain cases by clinical staff already subcontracted to the surgery center from the associated practice office.

Please see the following page for a table of staffing requirements for the addition of pain management services to this facility.

The Department of Labor and Workforce Development website indicates the following Johnson City area's salary information for clinical employees of this project:

Table Eleven	: TDOL Surveyed Av	erage Salaries for the	Region, 2015
Position	Entry Level	Median	Experienced
RN (Not Surveyed)			
LPN	\$13.95	\$16.74	\$18.13
Radiology Tech	\$18.75	\$23.55	\$25.95

	Tabl	e Twelve	; Reeve	able Twelve; Reeves Eye Surgery Center	Jery Center		
Current and Proj	d Project	ed Staffi	Ing With	Addition o	f Pain Man	jected Staffilng With Addition of Pain Management Year 1	1
	Current	Year 1	Year 2	Each P	Each Position	<b>Total Year 2 Potential Salaries</b>	ential Salaries
Position Type (RN, etc.)	FTE'S	FTE's	FTE's	Minimum   Maximum	Maximum	Minimum	Maximum
RN	1.15	1.54	1.54	\$52,000	\$58,240	\$80,080.00	\$89,689.60
LPN	1.00	1.00	1.00	\$31,200	\$39,520	\$31,200.00	\$39,520.00
Receptionist	0.24	09.0	09.0	\$33,280	\$37,440	\$19,968.00	\$22,464.00
Central Sterile Processor	0.24	0.40	0.40	\$35,360	\$39,520	\$14,144.00	\$15,808.00
Radiology Technologist	0.00	0.25	0.25	\$35,360	\$39,520	\$8,840.00	\$9,880.00
Administrator	0.35	1.00	1.00	\$59,280	\$70,720	\$59,280.00	\$70,720.00
Totals	2.98	4.79	4.79			\$213,512	\$248,082

Source: Reeves Eye Surgery Center management.

C(III).4. DISCUSS THE AVAILABILITY OF AND ACCESSIBILITY TO HUMAN RESOURCES REQUIRED BY THE PROPOSAL, INCLUDING ADEQUATE PROFESSIONAL STAFF, AS PER THE DEPARTMENT OF HEALTH, THE DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES, AND/OR THE DIVISION OF MENTAL RETARDATION SERVICES LICENSING REQUIREMENTS.

The use of a C-arm for the pain management cases will require employing a radiologic technician. That is the only new full-time person required. The applicant believes that this person will be readily available in the Tri-Cities market.

The other staffing needs for the new service will be met by increasing the time spent on pain cases by clinical staff already employed in the practice, and subcontracted to the surgery center.

C(III).5. VERIFY THAT THE APPLICANT HAS REVIEWED AND UNDERSTANDS THE LICENSING CERTIFICATION AS REQUIRED BY THE STATE OF TENNESSEE FOR MEDICAL/CLINICAL STAFF. THESE INCLUDE, WITHOUT LIMITATION, REGULATIONS CONCERNING PHYSICIAN SUPERVISION, CREDENTIALING, ADMISSIONS PRIVILEGES, QUALITY ASSURANCE POLICIES AND PROGRAMS, UTILIZATION REVIEW PPOLICIES AND PROGRAMS, RECORD KEEPING, AND STAFF EDUCATION.

The applicant so verifies.

C(III).6. DISCUSS YOUR HEALTH CARE INSTITUTION'S PARTICIPATION IN THE TRAINING OF STUDENTS IN THE AREAS OF MEDICINE, NURSING, SOCIAL WORK, ETC. (I.E., INTERNSHIPS, RESIDENCIES, ETC.).

Reeves Eye Surgery Center is a small specialty facility that is not optimal for establishing training relationships. None exist at the present time.

PLEASE VERIFY, AS APPLICABLE, THAT THE APPLICANT C(III).7(a). HAS REVIEWED AND UNDERSTANDS THE LICENSURE REQUIREMENTS OF THE DEPARTMENT OF HEALTH, THE DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES, THE DIVISION OF MENTAL RETARDATION SERVICES, AND/OR ANY **APPLICABLE** MEDICARE REQUIREMENTS.

The applicant so verifies.

C(III).7(b). PROVIDE THE NAME OF THE ENTITY FROM WHICH THE APPLICANT HAS RECEIVED OR WILL RECEIVE LICENSURE, CERTIFICATION, AND/OR ACCREDITATION

LICENSURE:

Board for Licensure of Healthcare Facilities

Tennessee Department of Health

**CERTIFICATION:** 

Medicare Certification from CMS

TennCare Certification from TDH

**ACCREDITATION:** Joint Commission

IF AN EXISTING INSTITUTION, PLEASE DESCRIBE THE C(III).7(c). **CURRENT** LICENSING, CERTIFYING, OR **STANDING** WITH ANY ACCREDITING AGENCY OR AGENCY.

The applicant is currently licensed in good standing by the Board for Licensing Health Care Facilities, certified for participation in Medicare and Medicaid/TennCare, and fully accredited by the Joint Commission.

C(III).7(d). FOR EXISTING LICENSED PROVIDERS, DOCUMENT THAT ALL DEFICIENCIES (IF ANY) CITED IN THE LAST LICENSURE CERTIFICATION AND INSPECTION HAVE BEEN ADDRESSED THROUGH AN APPROVED PLAN OF CORRECTION. PLEASE INCLUDE A COPY OF THE MOST RECENT LICENSURE/CERTIFICATION INSPECTION WITH AN APPROVED PLAN OF CORRECTION.

They have been addressed. A copy of the most recent licensure inspection and plan of correction, and/or the most recent accreditation inspection, are provided in Attachment C, Orderly Development--7(C).

C(III)8. DOCUMENT AND EXPLAIN ANY FINAL ORDERS OR JUDGMENTS ENTERED IN ANY STATE OR COUNTRY BY A LICENSING AGENCY OR COURT AGAINST PROFESSIONAL LICENSES HELD BY THE APPLICANT OR ANY ENTITIES OR PERSONS WITH MORE THAN A 5% OWNERSHIP INTEREST IN THE APPLICANT. SUCH INFORMATION IS TO BE PROVIDED FOR LICENSES REGARDLESS OF WHETHER SUCH LICENSE IS CURRENTLY HELD.

None.

C(III)9. IDENTIFY AND EXPLAIN ANY FINAL CIVIL OR CRIMINAL JUDGMENTS FOR FRAUD OR THEFT AGAINST ANY PERSON OR ENTITY WITH MORE THAN A 5% OWNERSHIP INTEREST IN THE PROJECT.

None.

C(III)10. IF THE PROPOSAL IS APPROVED, PLEASE DISCUSS WHETHER THE APPLICANT WILL PROVIDE THE THSDA AND/OR THE REVIEWING AGENCY INFORMATION CONCERNING THE NUMBER OF PATIENTS TREATED, THE NUMBER AND TYPE OF PROCEDURES PERFORMED, AND OTHER DATA AS REQUIRED.

Yes. The applicant will provide the requested data consistent with Federal HIPAA requirements.

### PROOF OF PUBLICATION

Attached.

### DEVELOPMENT SCHEDULE

1. PLEASE COMPLETE THE PROJECT COMPLETION FORECAST CHART ON THE NEXT PAGE. IF THE PROJECT WILL BE COMPLETED IN MULTIPLE PHASES, PLEASE IDENTIFY THE ANTICIPATED COMPLETION DATE FOR EACH PHASE.

The Project Completion Forecast Chart is provided after this page.

2. IF THE RESPONSE TO THE PRECEDING QUESTION INDICATES THAT THE APPLICANT DOES NOT ANTICIPATE COMPLETING THE PROJECT WITHIN THE PERIOD OF VALIDITY AS DEFINED IN THE PRECEDING PARAGRAPH, PLEASE STATE BELOW ANY REQUEST FOR AN EXTENDED SCHEDULE AND DOCUMENT THE "GOOD CAUSE" FOR SUCH AN EXTENSION.

Not applicable. The applicant anticipates completing the project within the period of validity.

### PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision Date, as published in Rule 68-11-1609(c):

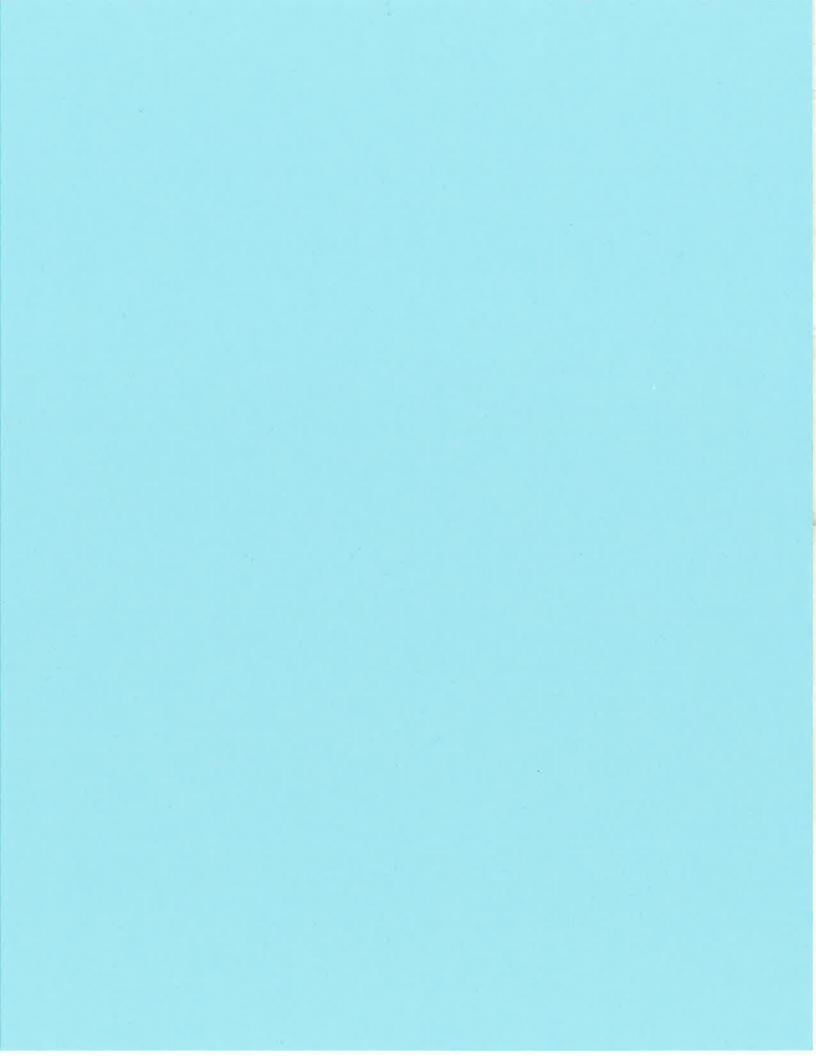
January 27, 2016

Assuming the CON decision becomes the final Agency action on that date, indicate the number of days from the above agency decision date to each phase of the completion forecast.

PHASE	DAYS REQUIRED	Anticipated Date (MONTH /YEAR)
1. Architectural & engineering contract signed		
2. Construction documents approved by TDH		
3. Construction contract signed		
4. Building permit secured		
5. Site preparation completed		
6. Building construction commenced		
7. Construction 40% complete		
8. Construction 80% complete		
9. Construction 100% complete		
10. * Issuance of license	NA	NA
11. *Initiation of service	3	2-1-16
12. Final architectural certification of payment		
13. Final Project Report Form (HF0055)		

<sup>\*</sup> For projects that do NOT involve construction or renovation: please complete items 10-11 only.

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.



### **INDEX OF ATTACHMENTS**

A.4 Ownership--Legal Entity and Organization Chart (if applicable)

A.6 Site Control

B.III. Plot Plan

B.IV. Floor Plan

C, Need--1.A.3. Qualifications of Proposed Medical Staff

C, Need--3 Service Area Maps

C, Economic Feasibility--2 Documentation of Availability of Funding

C, Economic Feasibility--10 Financial Statements

C, Orderly Development--7(C) Licensing & Accreditation Inspections

Miscellaneous Information Transfer Agreement

U.S Census Quickfacts--Demographic Data

TennCare Enrollments

# A.4--Ownership Legal Entity and Organization Chart

# Woard for Licensing Health Care Facilities

Tennessee State of start

License No.

00000000223

# DEPARTMENT OF HEALTH

This is to certify, that a license is hereby granted by the State Department of Realth to

1	REEVES EYE SURGERY CENTER, LLC		W William Washalian
an Ambulatory	Surgical Freatment Center REE	Ument Genter REEVES EYE SURGERY CENTER, LLC	
Pocated at	2328 KNOB ROAD, SUITE 500, JOHNSON CITY	ON CITY	
County of	WASHINGTON	, Tonnessee.	
1			

JANUARY 09

, 2016 , and is subject laws of the State of Tennessee or the rules and regulations of the State Department of Realth issued thereunder. to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable, and shall be subject to resocation at any time by the State Department of Health, for failure to comply with the In Witness Mercol, we have hereunto set our hand and seal of the State this 9TH day of In the Speciality (ies.) of: OPHTHALMOLOGY This license shall expine



DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

COLUMNISSIONER



September 18, 2014

Dan Pohlgeers consultant The Reeves Eye Surgery Center, LLC 2328 Knob Creek Road, Suite 500 Johnson City, TN 37604-2100 Joint Commission ID #: 563580 Program: Ambulatory Health Care Accreditation Accreditation Activity: 60-day Evidence of Standards Compliance

Accreditation Activity Completed: 09/18/2014

### Dear Mr. Pohlgeers:

The Joint Commission would like to thank your organization for participating in the accreditation process. This process is designed to help your organization continuously provide safe, high-quality care, treatment, and services by identifying opportunities for improvement in your processes and helping you follow through on and implement these improvements. We encourage you to use the accreditation process as a continuous standards compliance and operational improvement tool.

The Joint Commission is granting your organization an accreditation decision of Accredited for all services surveyed under the applicable manual(s) noted below:

### Comprehensive Accreditation Manual for Ambulatory Health Care

This accreditation cycle is effective beginning September 12, 2014. The Joint Commission reserves the right to shorten or lengthen the duration of the cycle; however, the certificate and cycle are customarily valid for up to 36 months.

Please visit Quality Check® on The Joint Commission web site for updated information related to your accreditation decision.

We encourage you to share this accreditation decision with your organization's appropriate staff, leadership, and governing body. You may also want to inform the state or regional regulatory services, and the public you serve of your organization's accreditation decision.

Please be assured that The Joint Commission will keep the report confidential, except as required by law. To ensure that The Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

Sincerely,

Mark G.Pelletier, RN, MS

Chief Operating Officer

Division of Accreditation and Certification Operations

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### STATE OF TENNESSEE Tre Hargett, Secretary of State

Division of Business Services William R. Snodgrass Tower 312 Rosa L. Parks AVE, 6th FL Nashville, TN 37243-1102

Reeves Eye Surgery Center, LLC 1841 BUCKINGHAM CT KINGSPORT, TN 37660-5871

April 2, 2012

### Filing Acknowledgment

Please review the filing information below and notify our office immediately of any discrepancies.

Control #:

682504

Formation Locale: SULLIVAN

Filing Type:

Limited Liability Company - Domestic

COUNTY

Filing Date:

04/02/2012 11:20 AM

Date Formed:

04/02/2012

Status:

Active

Fiscal Year Close 12 Annual Rpt Due:

04/01/2013

**Duration Term:** 

Perpetual

Image #:

7027-2993

Managed By:

Member Managed

**Document Receipt** 

Receipt #: 708424

Filing Fee:

\$300.00

Payment-Check/MO - BRADLEY ARANT BOULT CUMMINGS LLP, Nashville, TN

\$300.00

Registered Agent Address:

MICHAEL D BRENT

STE 700

1600 DIVISION ST

NASHVILLE, TN 37203-2771

Principle Address:

1841 BUCKINGHAM CT

KINGSPORT, TN 37660-5871

Congratulations on the successful filing of your Articles of Organization for Reeves Eye Surgery Center, LLC in the State of Tennessee which is effective on the date shown above. You must also file this document in the office of the Register of Deeds in the county where the entity has its principal office if such principal office is in Tennessee.

You must file an Annual Report with this office on or before the Annual Report Due Date noted above and maintain a Registered Office and Registered Agent. Failure to do so will subject the business to Administrative Dissolution/Revocation.

Secretary of State

Processed By: Kathy Sherrell

### ARTICLES OF ORGANIZATION



Received by Tennessee Secretary of State Fre Hardett.

OF

### REEVES EYE SURGERY CENTER, LLC

The undersigned person, acting as the Organizer under the Tennessee Revised Limited Liability Company Act, Tennessee Code Annotated § 48-249-101 et. seq. (the "Act"), adopts the following Articles of Organization for such company:

- (1) The name of the professional limited liability company is Reeves Eye Surgery Center, LLC (the "Company").
- (2) The street address, zip code and county of the registered office of the Company in the State of Tennessee are 1600 Division Street, Suite 700, Nashville, Tennessee, 37203, Davidson County.
- (3) The name of the registered agent of the Company located at the registered office set forth above is Michael D. Brent.
- (4) The street address, zip code and county of the principal executive office of the Company are 1841 Buckingham Court, Kingsport, Tennessee 37660, Sullivan County.
  - (5) The Company will be member-managed.
- (6) Any and all Operating Agreement(s) and/or amendments to any Operating Agreement adopted by the Company and/or its members must be in writing and must constitute a document specifically identifiable as an Operating Agreement or an amendment thereto. In no event may any oral Operating Agreement or any oral amendment to an Operating Agreement be binding on the Company or any of its members.

These Articles of Organization are executed by the undersigned organizer as of April 1, 2012.

onny Reeves M.D., Organizer

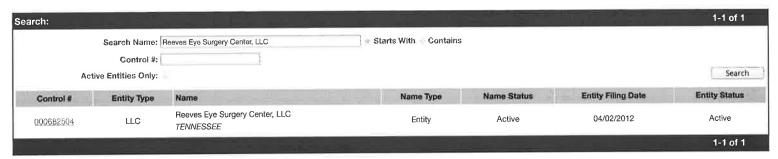


Business Services Online > Find and Update a Business Record

### **Business Information Search**

As of September 29, 2015 we have processed all corporate filings received in our office through September 29, 2015 and all annual reports received in our office through September 29, 2015.

Click on the underlined control number of the entity in the search results list to proceed to the detail page, From the detail page you can verify the entity displayed is correct (review addresses and business details) and select from the available entity actions - file an annual report, obtain a certificate of existence, file an amendment, etc.

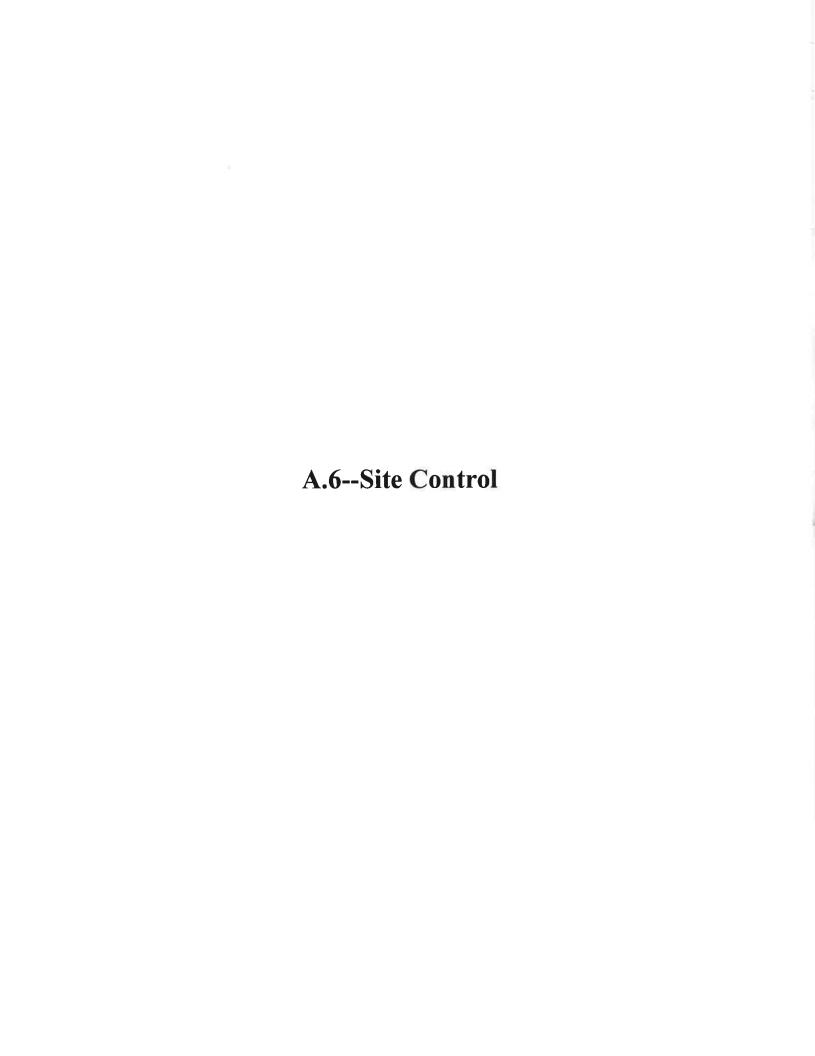


Information about individual business entities can be queried, viewed and printed using this search tool for free.

If you want to get an electronic file of all business entities in the database, the full database can be downloaded for a fee by Clicking Here.

Click Here for information on the Business Services Online Search logic.

Division of Business Services Business Filings and Information (615) 741-2286 | TNSOS.CORPINFO@tn.gov 312 Rosa L. Parks Avenue, Snodgrass Tower, 6th Certified Copies and Certificate of Existence (615) 741-6488 | TNSOS.CERT@tn.gov Floor Nashville, TN 37243 Motor Vehicle Temporary Liens (615) 741-0529 | TNSOS.MVTL@tn.gov 615-741-2286 Uniform Commercial Code (UCC) (615) 741-3276 | TNSOS.UCC@tn.gov Email Directions Hours and Holidays Methods of Payment Workers' Compensation Exemption Registrations (615) 741-0526 | TNSOS.WCER@tn.gov Apostilles & Authentications (615) 741-0536 | TNSOS.ATS@tn.gov Summons (615) 741-1799 | TNSOS.ATS@tn.gov Trademarks (615) 741-0531 | TNSOS.ATS@tn.gov LINKS CUSTOMER SUPPORT DIVISIONS OUR MISSION Administrative Hearings Tennessee General Assembly Contact Us Bureau of Ethics and Campaign Finance **Business Services** TSLA Visitor Information Charitable Solicitations and Gaming Tennessee Code Unannotated DEPARTMENT NASS Elections INFORMATION Human Resources and Organizational State Comptroller Development State Treasurer About the Secretary of State's Office Library and Archives



### LEASE AGREEMENT

THIS LEASE is made and entered into this 30th day of August, 2013, by and between Donny Reeves, M.D. ("Landlord") and Reeves Eye Surgery Center, LLC ("Tenant").

### WITNESSETH:

Landlord does lease unto Tenant and Tenant leases from Landlord the premises hereinafter referred to on the following stated terms and conditions, all of which the parties hereto do hereby agree to, to wit:

- Location and Size. The leased premises are located in the Waterbrooke Professional Park Condominiums, commonly known and described as Suite 50 12320 Knob Creek Road, Johnson City, Tennessee 37604, and more fully described on Exhibit A attached hereto (the "Premises")
- 2. Term. The term of this Lease is for a period of twenty (20) years, beginning on November 1, 2013 and ending on November 1, 2033. This lease will automatically renew at the end of the initial term for additional periods of one (1) year each, unless/until written notice is given in writing by either party to the other, at least sixty (60) days before the end of the then current term, that such parties does not desire to extend the term of this Lease. Any reference to the "Lease Year" shall be intended to refer to the fiscal year or portion thereof.
- 3. Rent. For each Lease Year during the Term, Tenant shall pay to Landlord in lawful money of the United States of America, or by checks subject to collection, at the address of Landlord specified herein and at the address of any mortgage of Landlord or at such other place as Landlord may from time to time designate, "Net Annual Base Rent" equal to \$1.00 per month, plus "Debt Service Rent," which means that portion of the Base Rent equal to the underlying debt service (including both principal and interest) of Landlord, on a per square foot basis for the Premises (as compared to all space which may be subject to such mortgage of Landlord). If so directed by Landlord, Tenant shall pay the Debt Service Rent directly to the mortgage holder or servicer, and the balance of Net Annual Base Rent to Landlord. Any Debt Service Rent payments made directly to the mortgage holder or servicer by Tenant shall be made timely so as to not incur any late charge or penalty. All payments to the mortgage holder or servicer shall constitute payments to Landlord for the purposes of this Lease. All rent is payable in monthly installments, each of which shall be due and payable in advance on the first day of each calendar month during the term of this Lease.
- 4. Rent for Partial Periods. The minimum rent, common area maintenance, taxes, insurance and percentage rent, if any, for partial periods at the beginning and end of the term of this Lease shall be prorated on a per diem basis, including the annual percentage rent breakpoint.

- 5. Common Area Maintenance Charged, Taxes and Other Expenses. Tenant's share of the common area costs and expenses, real property taxes and assessments, sales and use taxes, and other taxes, assessments, utility charges, operating expenses, refurnishing, insurance premiums, or any other charge or expense in connection with the Premises shall be the sole and direct responsibility of Tenant, so that all rent payments shall be absolutely net to the Landlord. The term "common area costs and expenses" shall mean and include all amounts paid or incurred by Landlord for operating, managing, and maintaining the Premises. In addition, Tenant shall pay 100% of the Condominium dues, insurance, taxes, assessments and Expenses and Special Assessments attributable to the Condominium Unit comprising the Premises, as well as such portion of such Common Area expenses for the Premises as are allocated to such Condominium Unit under the Bylaws, Declaration for Waterbrooke Professional Park Condominiums, and the Operating Standards of Waterbrooke Professional Park Condominiums.
- 6. <u>Insurance.</u> Tenant agrees to carry, beginning with the first day of occupancy at its own cost and expense, a Comprehensive Public Liability policy, with limits and deductibles n amounts acceptable to Landlord, for personal injury or death, and for property damage (including fire and casualty), including workers' compensation with respect to employees of the Tenant. The Landlord shall be named as an additional insured therein.

In the event of any destruction of the Premises by fire or other casualty, the Landlord has the option of rebuilding the Premises or not. If Landlord should decide to rebuild, then this lease would remain in effect and Tenant's rent and common area maintenance charges would abate during the restoration period. If Landlord should decide not to rebuild, then this Lease would terminate when Tenant receives such notification from Landlord in writing. Landlord shall have thirty (30) days from the date of such destruction to notify Tenant of its intention to rebuild or not.

In the event of destruction of the Premises, rendering them unsuitable for Tenant's business, both Landlord and Tenant shall have the sole and exclusive right to terminate the Lease Agreement.

Both Landlord and Tenant release the other from and against any and all claims, demands, liabilities, or obligations whatsoever for damage to the property, and for loss of rents or profits, of the releasing party resulting from or in any way connected with any insured peril whether or not such peril shall have been caused by the negligence or contributory negligence (but not the intentional or grossly negligent misconduct) of the other party or by any agent, associate, or employee of the other party, to the extent that the damage or loss is insured under any insurance contract which at the time of the damage or loss permits waiver of subrogation rights prior to a loss thereunder.

7. <u>Use of Premises</u>. Tenant agrees that it will use the Premises solely for the purposes designated on <u>Exhibit A</u>. Appropriate parking is to be maintained and directed by the Landlord. Tenant will not permit any other use thereof, either by change of use or additional use, without prior written consent of the Landlord.

- 8. Maintenance and Repair. Tenant shall keep all interior portions of the Premises in good condition and state of repair, making all necessary repairs and replacements thereof. If Tenant refuses or neglects to commence and to complete any required repairs promptly and adequately, Landlord may, but shall not be required to, make and complete said repairs and Tenant shall pay the cost thereof to Landlord as additional rent upon demand. The Landlord shall provide all repair and maintenance to all areas outside of Premises.
- 9. Surrender of Premises. Upon the termination of this Lease, Tenant covenants to deliver to Landlord the Premises in the same condition as at the beginning of the Lease Term, ordinary wear and tear and damages from fire and casualty expected. All improvements made by Tenant shall become the property of the Landlord, including the floor covering; provided, however, that Landlord shall have the right at its sole option to direct Tenant to remove any improvements or additions deemed undesirable, and Tenant shall do so and repair any damage caused thereby.

Tenant shall surrender the Premises free and clear of all liens, charges, or encumbrances thereon resulting from any act or omission of the Tenant and clear of any violations placed thereon by any federal, state, or municipal authority, and shall indemnify Landlord against any loss, cost, or expense and attorney's fees arising from Tenant's failure to do so.

- 10. Assignment and Subletting. This Lease may not be assigned nor the Premises or any portion thereof sublet without the prior written consent of Landlord, and in the event that such an assignment or subletting is made, the Tenant shall remain bound with respect to all of its obligations under this Lease, and any and all such assignees or subleases by the acceptance of such assignment or sublease irrevocably appoint the named Tenant herein as their sole and exclusive agent for the purpose of receiving any notices from Landlord, making any agreements whatsoever respecting the Premises with Landlord, and in entering into any and all transactions with Landlord regarding the Premises.
- 11. <u>Subordination</u>. Tenant understands and agrees that the Premises are, or may be, subject to the lien of a deed of trust or mortgage made by the Landlord thereon and, that if called upon to do so, Tenant will execute a recordable document subordinating this Lease to the lien of such deed of trust of mortgage, upon assurance from the owner and holder of such deed of trust of mortgage indebtedness that, in the event of any default thereupon. Tenant's rights under this Lease will remain undisturbed so long as Tenant complies with its undertakings stated herein. If the Landlord is in full compliance with the provisions of this Lease, Tenant will, upon demand without cost, execute any instrument necessary to effectuate such subordination.
- 12. Right of Entry. The Tenant agrees that the Landlord, his agent, or other representative shall have the right without abatement to rent, to enter into and upon such premises, or any part thereof, at all normal business hours for the purpose of examining or making repairs to same.

- 13. <u>Default</u>. In the event (a) the Tenant shall fail to pay any rent when due in accordance with the terms of this Lease, and such default shall continue for a period of ten (10) days after written notice from Landlord, or (b) the Tenant shall neglect to keep or perform any other covenant, agreement, or condition of this Lease or shall fail to conform to any of the building rules and regulations now in force or hereafter adopted by Landlord, the Landlord shall provide written notice of such default to the Tenant and such default is not cured within thirty (30) days from the date of such notice, then the Landlord, without declaring a termination of this Lease (which right is, however, unconditionally and absolutely reserved), may at its sole election exercise one or more of all of the following remedies without further notice or demand whatsoever:
  - (a) Landlord, with or without terminating this Lease, may immediately or at any time thereafter re-enter the Premises through lawful process and correct or repair any condition which shall constitute a failure on Tenant's part to keep or perform or abide by any term, condition, covenant or agreement of this Lease or of the binding rules and regulations now in effect or hereafter adopted by Landlord, and Tenant shall reimburse and compensate Landlord as additional rent within thirty (30) days of rendition or any statement to Tenant by Landlord for any expenditures made by landlord in making such corrections or repairs, and Landlord shall have, in addition to any other right or remedy of Landlord, the same rights and remedies in the event of nonpayment thereof by Tenant;
  - (b) Landlord, with or without terminating this Lease, may immediately or at any time thereafter demand in writing that Tenant vacate the Premises and remove therefrom all property thereon belonging to Tenant within thirty (30) days of receipt by Tenant of such notice from Landlord, whereupon Landlord shall have the right through lawful process to re-enter and take possession of the Premises;
  - (c) Landlord, with or without terminating this Lease, may immediately or at any time thereafter re-enter the Premises through lawful process and remove the Tenant, including all persons and personal property, from the Premises.
  - (d) Landlord, with or without terminating this Lease, may immediately or at any time thereafter re-let the premises or any part thereof on the Tenant's account for such time or times and at such rental or rentals and upon such other terms and conditions as the Landlord in its sole discretion may deem advisable, with the right to make alterations and repairs to the Premises, necessitated by its acts and omissions, and the Tenant shall pay the amount of such alterations and repairs to the Premises, and the Tenant shall pay the amount of rent due under this Lease to the date of the beginning of payment of rent pursuant to any such re-letting, together with the cost of such re-letting including the cost of any alterations and repairs to the Premises, and Tenant will thereafter pay monthly, during the remainder of the term of this Lease, the difference, if any, between the rent collected from such re-letting and the rent reserved in this Lease, if such rent is collected is less than that reserved in this Lease, but the Tenant shall not be

- entitled to receive any excess of any such rent collected over the rent reserved in this Lease; and
- (e) Landlord may, immediately or at any time thereafter terminate this Lease (without notice or demand to vacate the Premises, which Tenant hereby waives) and this Lease shall be deemed to have been terminated upon receipt by Tenant of written notice of such termination, and upon such termination Landlord shall have and recover from Tenant all damages Landlord may suffer by reason of the termination of the Lease including, but not limited to, the cost of any alterations or repairs to the Premises which are necessary or proper to prepare the same for re-letting and, in addition thereto, Landlord shall have and recover from the Tenant either (1) an amount equal to the total amount of all rents to be paid by Tenant for the remainder of the term of this Lease, or (2) the rents which Landlord would be entitled to receive pursuant to the provisions of subparagraph (iv) above.

No course dealing between Landlord and Tenant or any delay on the part of Landlord in exercising any rights it may have under this Lease shall operate as a waiver of any of the rights of Landlord hereunder, nor shall any waiver of a prior default operate as a waiver of any subsequent default or defaults, and no express waiver shall affect any condition, covenant, rule or regulation other than the one specified in such waiver and that one only for the time and in the manner specifically stated.

The exercise by landlord of any one or more of the remedies provided in this Lease shall not prevent the subsequent exercise by Landlord of any one or more of the other remedies herein provided. All remedies provided for in this Lease are cumulative and may, at the election of Landlord, be exercised alternatively, successively, or in any other manner and are in addition to any other rights provided by law.

- 14. <u>Landlord's Events of Default</u>. Each of the following shall constitute an event of default by Landlord ("Landlord's Event of Default"):
  - (a) Landlord's failure to pay Tenant any Tenant Allowance when due, or any portion thereof, or any other sum to be paid by Landlord to Tenant, in accordance with the terms of this Lease and such failure shall continue for a period of ten (10) days after written notice from Tenant of such failure by Landlord to pay is received by Landlord.
  - (b) Except as a result of a fire or other casualty damage, a failure by Landlord to provide to the Premises or to Tenant any of the services and utilities described in this Lease which failure materially interfere with the conduct of Tenant's business operations in the Premises and which failures continues for more than thirty (30) days.

- (c) A failure by Landlord to observe and perform any provisions or to fulfill any covenants of this Lease other than any failure addressed in subparagraphs (a) or (b) above where such failure continues for thirty (30) days after written notice to Landlord specifying the nature of such default. In case of a default that cannot be completely cured or remedied within such thirty (30) day period, or, having commenced a cure, if Landlord fails to diligently proceed to remedy or cure such default and promptly complete such remedy.
- 15. <u>Tenant's Remedies</u>. Upon the occurrence of any Landlord's Event of Default, Tenant shall have the option to pursue any one or more of the following remedies without any further notice or demand whatsoever.
  - (a) To deduct from the Rent the amount of any payment due from Landlord.
  - (b) To perform any of the covenants or obligations of Landlord under the terms of this Lease and to deduct the reasonable costs therefore from the Rent.
  - (c) To pursue any and all legal or equitable remedies against Landlord, including, but not limited to, the recovery of money damages, injunctive relief, and specific performance.
  - (d) To terminate this Lease.
- 16. Legal Fees and Interest. In addition to the foregoing if after default, an attorney is employed to collect or enforce the monetary obligations evidenced by this Agreement or to assist the Landlord or Tenant in connection with its exercise of any right, power, privilege or remedy referred to herein, the losing party agrees to pay promptly all costs incurred by the prevailing party with respect to collection or enforcement, including reasonable attorney's fees and court costs.

The Tenant acknowledges that all accounts are due and payable as required in the Lease, and a one hundred dollar (\$100.00) late charge on each payment will be charged by Landlord on all accounts more than ten (10) days past due. This charge will be due and payable immediately and shall apply to all charges doe from the Tenant to include but not exclusive of minimum rent, percentage rent, taxes, insurance, and common area maintenance charges.

- 17. <u>Personal Property.</u> All personal property placed on the demised premises, or any part thereof, shall be at the risk of the Tenant or owners of such personal property, and Landlord shall not be liable for any loss or damage to said personal property or to the Tenant for any cause whatsoever.
- 18. <u>Indemnity</u>. Tenant shall indemnify, defend and hold harmless Landlord form and against any and all claims, demands, obligations, losses, liabilities, damages, recoveries or deficiencies, including interest, penalties, costs, expenses or reasonable attorneys' fees which Landlord may suffer or incur as a result of the breach of any representations or

warranty of Tenant hereunder, Tenant's failure to perform any of its obligations hereunder or any act of negligence on or about the Premises (other than the negligence of Landlord or its agents, contractors, servants, employees, invitees, or licensees), or any part thereof, by Tenant or its agents, contractors, servants, employees, invitees, or licensees.

Landlord shall indemnify, defend and hold harmless Tenant from and against any and all claims, demands, obligations, losses, liabilities, damages, recoveries, or deficiencies, including interest, penalties, costs, expenses or reasonable attorneys' fees which Tenant may suffer or incur as a result of the breach of any representations of warranty of Landlord hereunder, Landlord's failure to perform any of its obligations hereunder or any act of negligence on or about the Premises (other than then negligence of Tenant or its agents, contractors, servants, employees, invitees, or licensees), or any part thereof, by Landlord or its agents, contractors, servants, employees, invitees or licensees.

The indemnification set forth in this Article 18 shall survive termination of this Lease.

- 19. <u>Bankruptcy</u>. If Tenant or any assignee of Tenant, or any guarantor of this Lease becomes insolvent, or if any proceedings in bankruptcy, or under the Bankruptcy Act wherein it or any of them seeks relief as Debtor, or receivership, or like proceedings shall be instituted by or against any one or more of them, or if any one or more of them shall make an assignment for the benefit of creditors, then in each and every case this Lease shall, at the option of the Landlord, immediately terminate and the Landlord may immediately enter and resume possession of the Premises and expel all persons and all property, of others than Landlord, therefrom without prejudice to any other rights available to Landlord. Tenant shall have thirty (30) days to clear any receivership.
- 20. Recordings of Lease. Landlord and Tenant agree to execute, acknowledge and deliver instruments to each other in recordable form certifying as to the commencement date and termination date of the Lease herein. If either Landlord or Tenant should want such instruments recorded, then the recording party shall bear the entire cost thereof.
- 21. <u>Signs.</u> Tenant shall not permit, allow or cause to be erected, installed, maintained, painted, or displayed on, in or at Premises or any part thereof any exterior sign, lettering, placard, announcement, decoration, advertising media, or advertising material of any kind whatsoever, visible from the exterior of the Premises, without the written approval of Landlord, not to be unreasonably withheld.
- 22. <u>Alterations and Improvements</u>. Tenant shall not make any alterations or improvements to the Premises without the advance written consent of the Landlord. Any proposed alterations shall be submitted in detail to the Landlord. Landlord shall respond within a reasonable period to any request for approval.
- 23. <u>Liens.</u> Tenant shall not permit or suffer any lien to attach to the Premises or the interest of Landlord. Tenant covenants and agrees to save and hold harmless Landlord from and against any such lien or claim of lien. In the event that any lien is filed against the

Premises, or the interest of the Landlord therein as a result of additions, alterations, repairs, installations or improvements made or claimed to have been made by Tenant or anyone holding any part of the Leased Services through or under Tenant, or any other work, act or failure to act of any of the foregoing. Tenant shall fully pay or discharge the same within ten (10) days from the filling thereof. Failure by the Tenant to discharge or fully pay said lien, within the time specified shall constitute an immediate default under the Lease and the Landlord may exercise its rights as herein described.

- 24. <u>Holding Over</u>. No holding over after the regular termination of this Lease shall be termed a renewal thereof, but shall be tenancy from month to month, and such occupancy shall be subject to the same conditions and covenants (except for term) as hereinabove set forth.
- 25. Fixtures and Equipment. The Tenant shall have the right and privilege, upon the termination of this Lease, to remove from the Premises all trade fixtures installed by it unless Tenant is in default, and in so doing Tenant shall repair all damage to said building that may have been caused by installation or removal thereof.

Tenant may make chattel mortgages, conditional sale contracts and other financing arrangements with third parties respecting business fixtures and equipment located within the Premises without further consent of Landlord, and such third parties may rely thereon.

- 26. Condemnation. If the whole or any part of the building is taken or condemned by any competent authority for any public use or purpose, or if ten (10) percent or more of the common area shall be so condemned or improved in such a manner as to require the use of any part of the building or common area, the term of this Lease shall, at the option of the Landlord and/or Tenant, be terminated. Landlord shall be entitled to receive the entire award without apportionment with Tenant. Rent shall be prorated as of the date of Tenant's vacating as the result of said termination. If Landlord shall decide not to terminate this Lease and part of Tenant's Premises has been taken, then Tenant's rent and other charges shall be prorated commensurate with the amount of square footage taken. Nothing contained herein shall prevent Tenant from pursuing any award to Tenant from loss of or damage to Tenant's business, provided such award is separate from Landlord's award.
- 27. Notices. Any notices required to be given under this Lease and rentals to be paid hereunder shall be mailed to Landlord at the address specified on Exhibit A attached hereto, and any notice or communication to be given to Tenant shall be given to it by regular mail or personal delivery at the rented space. Tenant shall notify Landlord of any change of address and failure to do so shall constitute a waiver by Tenant of any notice requirement.
- 28. Entire Binding Agreement. This Lease contains the entire agreement of the parties hereto, and may not be modified other than by their express, written, mutual consent.

- The terms and conditions and provisions of this Lease shall inure to the benefit of and shall likewise bind the parties, their agents, successors, assigns, and subtenants.
- 29. <u>Relationship of the Parties</u>. Nothing herein contained shall be deemed or constructed as creating the relationship of principal and agent or of partnership or joint venture between the parties hereto; it being understood that neither the method of computing rent nor any other provision contained herein nor any acts of the parties hereto shall be deemed to create any relationship between the parties other than that of Landlord and Tenant.
- 30. <u>Provisions Severable.</u> If any term or provision of this Lease of the application thereof to any person or circumstance be invalid or unenforceable, the remainder of this Lease, including the subject term of provision, as can be validly applied to other persons or circumstances, shall not be affected thereby, and such term shall be enforced to the fullest extent permitted by law.
- 31. Termination or Amendment as a Result of Governmental Regulation. The parties acknowledge and agree that this Lease is intended to comply with all state and federal laws and regulations regarding Medicare and Medicaid fraud and abuse, and Landlord's and Tenant's status as recipients of governmental or private funds for the provision of health care services. Either party shall have the right to terminate or unilaterally amend this Lease without liability, if on the advice of its counsel it determines, in its reasonable judgment, that the terms of this Lease more likely than not would be interpreted to violate any laws or regulations applicable to it, which, if violated, would jeopardize Landlord's or Tenant's status as recipients of governmental or private funds for the provision of health care services. Notwithstanding such right to terminate, the party desiring to terminate or amend shall first use reasonable efforts to amend this Lease only to the extent necessary to conform the potentially violates terms to the applicable law or regulation, and will only terminate this Lease pursuant to this Article if such party determines, in its reasonable judgment, that an amendment cannot be obtained or will not result in compliance.
- 32. <u>Captions</u>. The captions contained herein are for convenience only, and shall not be deemed part of this Lease, or construed as in any manner limiting or amplifying the terms and provisions herein.
- 33. Waiver of Performance. The failure of the Landlord to insist upon timely performance of any of the terms or covenants of this Lease shall not be construed as a waiver of any other term or as a waiver of any future right to enforce or insist upon the timely performance of the same term or covenant.

IN WITNESS WHEREOF, the parties have caused this document to be executed this day and year first above written.

LANDLORD:

Donny Reeves, M.D.

TENANT:

REEVES EYE SURGERY CENTER, LLC

y: A 6

Its: Member

## **EXHIBIT A**

Situate, lying and being in the 10<sup>th</sup> Civil District of Washington County, Tennessee, and more particularly described as follows:

### PARCEL I:

BEING all of Suite 500 of Waterbrooke Professional Park, Phase I, as shown by map or plat of such condominiums of record in Plat Book 20, Page 799, in the office of the Register of Deeds for Washington County, Tennessee, together with an appurtenant percentage of undivided interest in the common elements as set forth in the Master Deed of Waterbrooke Professional Park of Record in said Register's Office on Roll 595, Image 1220; and amended by First Amendment to Master Deed dated May 8, 2008, and recorded on Roll 602, Image 968, and further amended by Second Amendment to Master Deed dated August 30, 2013, and recorded on Roll 812, Image 1293, to which reference is here made.

### PARCEL II:

BEING all of Suite 504 of Waterbrooke Professional Park, Phase I, as shown by map or plat of such condominiums of record in Plat Book 20, Page 799, in the office of the Register of Deeds for Washington County, Tennessee, together with an appurtenant percentage of undivided interest in the common elements as set forth in the Master Deed of Waterbrooke Professional Park of Record in said Register's Office on Roll 595, Image 1220; and amended by First Amendment to Master Deed dated May 8, 2008, and recorded on Roll 602, Image 968, and further amended by Second Amendment to Master Deed dated August 30, 2013, and recorded on Roll 812, Image 1293, to which reference is here made.

AND BEING the same property conveyed to Donny Reeves, M.D., from CDP6, a Tennessee general partnership by Warranty Deed dated August 22, 2013, and recorded at Roll 812, Image 1298, in the office of the Register of Deeds for Washington County, Tennessee.

CL-340763210 Dnyl. Reeves

2040763210

This instrument prepared by:
RICK J. BEARFIELD, Attorney at Law
Wesley Plaza, Suite 1
2513 Wesley Street
P.O. Box 4210 CRS
Johnson City, TN 37602
(423) 282-1006
(423) 282-3081 (fax)

For Register's Office Use

Notice is hereby given, pursuant to T.C.A. §47-28-104(b) that this Deed of Trust is given for commercial purposes and secures future obligatory advances as may from time to time be made to Grantor by Lender pursuant to the terms of the Promissory Note described herein; and such advances shall have priority as provided in such statute. THIS IS A CONSTRUCTION MORTGAGE WITHIN THE MEANING OF T.C.A. §47-9-334(h). MAXIMUM PRINCIPAL INDEBTEDNESS FOR TENNESSEERECORDING TAX PURPOSES IS \$1,121,836.00

## **DEED OF TRUST**

This **DEED OF TRUST**, is made and entered into this day of August, 2013, by and between **DONNY L. REEVES**, **M.D.**, hereinafter referred to as "Grantor"; Rick J. Bearfield, hereinafter referred to as "Trustee"; and **STATE OF FRANKLIN BANK**, A **DIVISION OF JEFFERSON FEDERAL BANK** with offices at 1907 N Roan Street Suite 15, Johnson City, Tennessee, hereinafter referred to as "Beneficiary".

- 1. <u>Definitions</u>. Grantor, Trustee, and Beneficiary agree that, unless the context is otherwise specified or required, the following terms shall have the meanings herein specified, such definitions to be applicable equally to the singular and the plural forms of such terms:
  - a. Beneficiary: STATE OF FRANKLIN BANK, a division of Jefferson Federal Bank
- b. <u>Improvements</u>: Any and all improvements, alterations, or appurtenances now existing or at any time hereafter constructed or placed on the Real Estate or any part thereof.
- c. Event(s) of Default: The happenings and occurrences described in Paragraph 6 of this Deed.
- d. Fixtures: All fixtures located on or within the Improvements or now or hereafter attached to, or installed in, or used in connection with any of the Building and Improvements, including, but not limited to, any and all partitions, dynamos, screens, awnings, motors, engines, boilers, furnaces, pipes, plumbing, elevators, cleaning, call and sprinkler systems, fire extinguishing apparatus and equipment, water tanks, heating, ventilating, air conditioning and air-cooling equipment (including all furnaces, heaters, boilers, plants, units, systems, condensers, compressors, motors, ducts, and apparatus), built-in refrigerated rooms, and gas and electric machinery, appurtenances, and equipment. Fixtures as herein defined are also, without limiting the generality hereof, more particularly described in Financing Statement between Grantor and Beneficiary executed simultaneously herewith.
  - e. Grantor: DONNY L. REEVES, M.D.

- f. Impositions: All (1) real estate and personal property taxes and other taxes and assessments, including, but not limited to ad valorem real estate taxes; and (2) other taxes, assessments, fees, and governmental or non-governmental charges levied, imposed, or assessed on or against Grantor or any of his properties.
- g. <u>Indebtedness</u>: The principal of and/or interest on, and all other amounts, payments, and premiums due under the Note, and Indebtedness of Grantor to Beneficiary under and/or secured by the Security Documents and/or otherwise.
- h. Real Estate: Units 500 and 504, Waterbrooke Professional Park Condominiums, and all easements and rights appurtenant thereto, all as is more particularly described in Exhibit A attached hereto.
- i. <u>Leases</u>: Any and all leases, subleases, licenses, concessions, or grants of other possessory interests now or hereafter in force, oral or written, covering or affecting the Mortgaged Property, or any part thereof.
  - j. Maturity Date: The Maturity Dates as stated in the Note.
- k. <u>Mortgaged Property</u>: The Real Estate and the Improvements and the Fixtures and the Personalty, together with:
- i. All rights, privileges, tenements, hereditaments, rights-of-way, easements, appendages, and appurtenances of the Real Estate and/or Improvements belonging or in any way appertaining thereto, or which hereafter shall in any way belong, relate, or be appurtenant thereto, whether now owned or hereafter acquired by Grantor; all right, title, and interest of Grantor in and to any streets, ways, alleys, strips, or gores of land adjoining the Real Estate or any part thereof; and
- ii. All of Grantor's right, title, and interest in and to any award or awards heretofore made or hereafter to be made by any municipal, state or federal authorities or boards to the present, and all subsequent owners of the Real Estate and/or the Improvements and/or the Fixtures and/or the Personalty, including any award or awards or settlements hereafter made resulting from condemnation proceedings or the taking of the Real Estate and/or the Improvements and/or the fixtures and/or the Personalty or any part thereof under the power of eminent domain or for any change or changes of grade of streets affecting the Real Estate and/or the Improvements and/or the Fixtures and/or the Personalty; and
- iii. All the estate, right, title, interest, claim, or demand whatsoever of Grantor, either at law or in equity, in and to the Real Estate and the Improvements and the Fixtures and the Personalty.
- l. <u>Note</u>: The Note dated as of even date with this Deed of Trust made by Grantor to the order of Beneficiary in the aggregate amount secured by this Deed of Trust.
  - m. Obligations: Any and all of the covenants, promises, and other obligations under

that certain Promissory Note of even date herewith in the aggregate amount of One Million, One Hundred Twenty One Thousand Eight Hundred Thirty Six Dollars (\$1,121,836.00), which Promissory Note is due and payable on July 25, 2033, if not sooner paid.

- n. <u>Permitted Encumbrances</u>: Easements, restrictions, zoning laws and ordinances, minor encroachments, and other irregularities in title and other similar encumbrances that do not individually, or in the aggregate, materially detract from the value of the Mortgaged Property or impair the use thereof for the purposes intended, or subject such use to the risk of being impaired.
- o. <u>Personalty</u>: All of the right, title and interest of Grantor in and to all furniture, furnishings, equipment, machinery, and all other personal property (other than Fixtures) nor or hereafter located in, on, or about the Real Estate and the Improvements, and made a part hereof. The enumeration of any specific article of personal property herein described shall not exclude any item of personal property not specifically mentioned.
- p. <u>Rents</u>: All of the rents, revenues, income, profits, and other benefits arising from the use and enjoyment of all or any portion of the Mortgaged Property.
- q. <u>Security Agreement</u>: The Security Agreement contained in this Deed of Trust, and/or executed separately wherein and whereby Grantor grants a security interest in the Personalty and the Fixtures to Beneficiary.
- r. <u>Security Documents</u>: This Deed of Trust, the Security Agreement, and other documents now or hereafter securing the payment of the Indebtedness or the observance or performance of the Obligations.
  - s. Trustee: Rick J. Bearfield, a resident of Sullivan County, Tennessee.
- 2. <u>Grant</u>. In consideration of Ten Dollars (\$10.00), cash in hand paid, receipt of which is hereby acknowledged, and other good and valuable considerations hereinafter stated, **DONNY L. REEVES**, **M.D.**, Grantor, hereby sells, transfer and convey unto **RICK J. BEARFIELD**, **Trustee**, whose residence is Sullivan County, Tennessee, and to his successors in trust and assigns forever, that certain real estate situate, lying and being in the 10<sup>th</sup> Civil District of Washington County, Tennessee and more particularly described on <u>Exhibit A</u>, hereto attached.

THIS CONVEYANCE, however, is made in trust for the following purpose, and not otherwise: to secure payment by Grantor to State of Franklin Bank, a division of Jefferson Federal Bank (hereinafter referred to as "Beneficiary") of the full sum of One Million, One Hundred Twenty One Thousand Eight Hundred Thirty Six Dollars (\$1,121,836.00), evidenced by Promissory Note of even date herewith for said sum issued by Grantor which Promissory Note is due and payable on the 25<sup>th</sup> day of July, 2033, if not sooner paid.

a. <u>Possession</u>. Until an Event of Default, Beneficiary shall permit Grantor to possess and enjoy the Mortgaged Property and to receive the rents, issues, and profits thereof.

- b. <u>Condition of Grant</u>. The condition of these presents is such that if Grantor shall pay or cause to be paid the Indebtedness as and when the same shall become due and payable and shall observe, perform, and discharge the Obligations, then Beneficiary shall release and reconvey unto and at the cost of Grantor the Mortgaged Property.
- 3. <u>Representations and Warranties</u>. Grantor hereby represents and warrants to Beneficiary that:
- a. <u>Validity of Loan Instruments</u>. (1) The execution, delivery, and performance by Grantor of the Note and the Security Documents, and the borrowing evidenced by the Note will not violate any provision of law, any order of any court, or other agency of government, or any indenture, agreement, or other instrument to which Grantor is a party or by which they or any of their Property is bound, or be in conflict with, result in a breach of, or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement, or other instrument, or result in the creation or imposition of any lien, charge, or encumbrance of any nature whatsoever on any of its Property or assets, except as contemplated by the provisions of the Security Documents; and (2) the Note and the Security Documents, when executed and delivered by Grantor, will constitute the legal, valid, and binding obligations of Grantor and other obligors named therein, if any, in accordance with their respective terms.
- b. Other Information. All other information, reports, papers, and data given to Beneficiary with respect to Grantor or to others obligated under the terms of the Security Documents are accurate and correct in all material respects and complete insofar as completeness may be necessary to give Beneficiary a true and accurate knowledge of the subject matter.
- c. <u>Mortgaged Property and Other Property</u>. Grantor has good and marketable title in fee simple to the Real Estate and Improvements and good and marketable title to the Fixtures and Personalty, free and clear of any liens, charges, encumbrances, security interests, and adverse claims whatsoever, except the Permitted Encumbrances.
- d. <u>Taxes</u>. Grantor has filed all federal, state, county, and municipal income tax returns required to have been filed by it and has paid all taxes that have become due pursuant to such returns or pursuant to any assessments received by it, and Grantor does not know of any basis for additional assessment in respect to such taxes.
- 4. <u>Affirmative Covenants</u>. Until the entire indebtedness shall have been paid in full, Grantor hereby covenants and agrees as follows:
- a. <u>Compliance With Laws</u>. Grantor will promptly and faithfully comply with, conform to, and obey all present and future laws, ordinances, rules, regulations, and requirements of every duly constituted governmental authority or agency and of every Board of Fire Underwriters having jurisdiction, or similar body exercising similar functions, which may be applicable to it or to the Mortgaged Property, or any part thereof, or to the use or manner of use, occupancy, possession, operation, maintenance, alteration, repair, or reconstruction of the Mortgaged Property, or any part thereof, regardless of whether such law, ordinance, rule, order, regulation, or requirement shall

necessitate structural changes or improvements or interfere with the use or enjoyment of the Mortgaged Property.

- b. <u>Payment of Imposition</u>. Grantor will duly pay and discharge, or cause to be paid and discharged, the Imposition, such Impositions or installments thereof, to be paid not later than the due date thereof, or the day any fine, penalty, interest, or cost may be added thereto or imposed by law for the nonpayment thereof (if such day is used to determine the due date of the respective item); provided, however, that if, by law, any Imposition may, at the option of the taxpayer or other person obligated to pay it, be paid in installments (regardless of whether interest shall accrue on the unpaid balance of such Imposition), Grantor may exercise the option to pay the same in such installments.
- c. <u>Repair</u>. Grantor will keep the Mortgaged Property in good order and condition and make all necessary or appropriate repairs, replacements, and renewals thereof, and additions and betterments and improvements thereto, interior and exterior, structural and nonstructural, ordinary and extraordinary, foreseen and unforeseen, and use its best efforts to prevent any act or thing that might impair the value or usefulness of the Mortgaged Property or any part thereof.
- d. Insurance. Grantor shall keep the Improvements now existing or hereafter erected on the Premises insured as may be required from time to time by the Beneficiary against loss or damage by an abatement of rental income resulting from fire, and such other hazards, casualties, and contingencies (including, but not limited to, war risk insurance, if available) in such amounts and for such periods as reasonably may be required by the Beneficiary and will promptly pay when due any premiums on such insurance. All such insurance shall be carried by companies approved by the Beneficiary and will promptly pay when due any premiums on such insurance. All such insurance shall be carried by companies approved by the Beneficiary and the policies and renewals thereof shall be deposited with and held by the Beneficiary and have attached thereto a standard noncontribution mortgagee clause (in favor of and entitling Beneficiary to collect any and all proceeds payable under such insurance), as well as standard waiver of subrogation endorsement, all to be in a form acceptable to the Beneficiary. Grantor shall not carry separate insurance, concurrent in kind or form or contributing, in the event of loss, with any insurance required hereunder. In the event of a change in ownership of the Premises (in its entirety), immediate notice thereof by mail shall be delivered to all insurers, and in the event of loss, Grantor will give immediate notice to the Beneficiary. If any such insurance policy be subject to cancellation or be endorsed or sought to be endorsed to effect a change in coverage for any reason whatsoever, such insurer will promptly notify Beneficiary and such cancellation or change shall not be effective as to Beneficiary for thirty days after receipt by Beneficiary of such notice. Grantor hereby authorizes Beneficiary to collect, adjust, and compromise any losses under any of the insurance aforesaid and after deducting costs of collection to apply the proceeds at its option as follows: (1) as a credit in the inverse order of maturity, upon the Indebtedness secured hereby, or (2) to restoring the Improvements, in which event Beneficiary shall not be obligated to see to the proper application thereof nor shall the amount so released or used be deemed a payment on any indebtedness secured hereby, or (3) to deliver same to the owner of said Premises. In the event of foreclosure of the Deed of Trust or other transfer of title to the Premises in extinguishment of the indebtedness secured hereby, all right, title, and interest of the Grantor, in and to any insurance policies then in force, shall pass to the purchaser

or grantee. In the event of damage to the Mortgaged Property prior to disbursement of the full principal sum secured hereby, no further disbursement shall be required until such damage is repaired or satisfactory arrangements made therefore. Beneficiary may, but shall not be obligated to, make premium payments to prevent such cancellation, and such payments shall be accepted by the insurer. In addition, Grantor shall furnish to Beneficiary duplicate executed copies of each such policy at the time of execution hereof, and copies of each such policy at the time of execution hereof, and copies of each renewal policy not less than thirty days prior to the expiration of the original policy or the preceding renewal policy (as the case may be), together with receipts or other evidence that the premiums thereon have been paid; and furnish to Beneficiary on or before 120 days after the close of each fiscal year of Grantor a statement certified by a duly authorized officer of Grantor of the amounts of insurance maintained in compliance with this subsection, of the risks covered by such insurance and of the insurance company or companies which carry such insurance. In addition, Grantor shall carry and maintain such liability and indemnity insurance as may be required from time to time by the Beneficiary. Certificates of such insurance, premiums prepaid, shall be deposited with the Beneficiary and shall contain provision for ten days' prior notice to the Beneficiary prior to any cancellation thereof.

- e. Restoration Following Casualty. In the event of the happening of any casualty, of any kind or nature, ordinary or extraordinary, foreseen or unforeseen (including any casualty for which insurance was not obtained or obtainable), resulting in damage to or destruction of the Mortgaged Property, or any part thereof, Grantor will give notice thereof to Beneficiary and if Beneficiary elects to apply the insurance proceeds to the restoration (as provided in Paragraph 4(d), repair, or replacement of the Mortgaged Property, Grantor will promptly, at Grantor's sole cost and expense, regardless of whether the insurance proceeds, if any, shall be sufficient for the purpose, commence and diligently continue to restore, repair, replace, rebuild, or alter the Mortgaged Property as nearly as possible to its value, condition, and character immediately prior to such damage or destruction.
- f. <u>Performance of Other Agreements</u>. Grantor will not violate any of the terms, provisions, covenants, agreements, or restrictions and will timely comply with, abide by, and perform all of the terms, agreements, obligations, covenants, restrictions, and warranties expressed as binding on it under any lease, easement, or other agreement to which it is or is not a party with respect to or affecting the Mortgaged Property or any part thereof.
- g. <u>Inspection</u>. Grantor will permit Beneficiary at all reasonable times to inspect Mortgaged Property.
- h. <u>Hold Harmless</u>. Grantor shall save the Beneficiary and the Trustee harmless from all costs and expenses, including reasonable attorney fees and costs of a title search, continuation of abstract, and preparation of survey, incurred by reason of any action, suit, proceeding, hearing, motion, or application before any court or administrative body in and to which the Beneficiary or the Trustee may be or become a party by reason of this Trust, including, but not limited to, condemnation, bankruptcy, and administration proceedings, as well as any other of the foregoing wherein proof of claim is by law required to be filed or in which it becomes necessary to defend or uphold the terms of this Trust, and all money paid or expended by Beneficiary or Trustee in that

regard, together with interest thereon from day of such payment at the rate set forth in said Note, shall be so much additional indebtedness secured hereby and, except as otherwise provided herein, shall be immediately and without notice due and payable by Grantor.

- i. Contest of Tax Assessments, Etc. After prior written notice to Beneficiary, in the case of any material item Grantor at its own expense may contest by appropriate legal proceedings, promptly initiated and conducted in good faith and with due diligence, the amount or validity or application, in whole or in part of (1) any of the legal requirements referred to in Paragraph 4(b) or (2) any imposition, provided that (a) in the case of any unpaid imposition, such proceedings shall suspend the collection thereof from Grantor and from the Mortgaged Property, (b) neither the Mortgaged Property nor any part thereof or interest thereunder will be in danger of being sold, forfeited, terminated, canceled, or lost, (c) Grantor shall have furnished such security as may be required in the proceedings or as may be reasonably requested by Beneficiary.
- j. <u>Grantor's Assent</u>. Upon the occurrence of any of the Events of Default, then on any and every such default so made:
- i. The Trustee or substitute Trustee or Trustees shall have the power to sell, and the event of default by any purchaser, to resell the Mortgaged Property.
- k. <u>Performance of the Commitment</u>. Grantor shall timely comply with, abide by, and perform all the terms and conditions of the Commitment Letter, executed by Grantor, if any.
- 1. Tax and Insurance Escrow. Supplementing the provisions of Paragraphs 4(b) and 4(d) whereof, if the Note shall be payable in monthly or other periodic payments of principal and/or interest, and if required by Beneficiary, the Grantor shall pay to Beneficiary on the payment date of installments of principal and interest together with and in addition to such installment of principal and interest, until the Note is fully paid, an installment of the impositions and insurance premiums for such insurance is required hereunder, next due on the Mortgaged Property in an amount sufficient, as estimated by Beneficiary, to accumulate the sums required to pay such impositions and insurance thirty days prior to the due date thereof. Amounts held hereunder shall not be, nor be deemed to be, trust funds, but may be commingled with the general funds of Beneficiary, and no interest shall be payable in respect thereof. Upon demand of the Beneficiary, the Grantor agrees to deliver to the Beneficiary such additional moneys as are necessary to make up any deficiencies in the amounts necessary to enable the Beneficiary to pay such impositions and insurance premiums. In the event of a default by the Grantor in the performance of any of the terms, covenants, or conditions in the Note or Security Documents, the Beneficiary may apply to the reduction of the sums secured hereby, in such manner as the Beneficiary shall determine, any amount under this Paragraph 4(1) remaining to the Beneficiary's credit.
- m. <u>Payment of Indebtedness</u>. Grantor covenants that it will duly pay and discharge the Indebtedness in accordance with the terms and conditions of the Security Documents.
- n. Maintenance of Books and Records. The Grantor and all subsequent owners of the Mortgaged Property shall keep and maintain full and correct books and records showing in

detail the earnings and expenses of said Premises and shall permit the Beneficiary or its representatives to examine such books and records and all supporting vouchers and data at any time and from time to time on request, as its offices, previously identified, or at such other location as may be mutually agreed on; within ten days after demand therefor and, in any event, within ninety days following the expiration of Grantor's first fiscal year and following the expiration of each fiscal year thereafter during the terms of this Deed of Trust, will furnish to the Beneficiary a statement showing in detail all such earnings and expenses since the last such statement, verified by the affidavit of the Grantor or then owner, or if the same be a corporation, by an affidavit of its principal executive officer, and in the event that the owner shall refuse or fail to furnish any statement as previously described, or in the event such statement shall be inaccurate or false, or in the event of the failure of the Grantor or any subsequent owner to permit the Beneficiary or its representative to inspect the said Premises or the said books and records on request, the Beneficiary may consider such acts of the Grantor as a default hereunder and may proceed in accordance with the rights and remedies afforded it under the provisions of this instrument.

- o. <u>Survey of Independent Realtor</u>. The Beneficiary shall have the right, at any time and from time to time, to engage an independent Realtor to survey the adequacy of the maintenance of the Mortgaged Property. If found inadequate, such Realtor shall determine the estimated cost of such repairs and replacements necessary to protect and preserve the rentability and useability of the said Premises, and the Grantor does hereby acknowledge that the security of this Deed or Trust is thereby impaired to the extent of the estimated cost of such repairs and replacements. In such event, at the option of the Beneficiary and within sixty days after written demand therefor, a sum equal to the amount of such estimated cost shall thereupon become due and payable by Grantor to be applied on the indebtedness secured hereby, unless within such period Grantor, at its own cost and expense, shall have completed or shall have commenced, and thereafter with diligence, completes such repairs and replacements. In such event, Grantor shall also reimburse Beneficiary the cost of such survey, the same being secured hereby. If the survey determines such maintenance to be adequate, then the cost therefor shall be at the expense of the Beneficiary.
- p. <u>Further Assurances</u>. Grantor shall, upon five days' written notice from Beneficiary, execute and deliver such additional Financing Statements, Deeds of Trust, Supplemental Deeds of Trust, or other security agreements which may from time to time be reasonably required to protect and preserve the security of the Mortgaged Property.
- 5. <u>Negative Covenants</u>. Until the entire indebtedness shall have been paid in full, Grantor hereby covenants and agrees to refrain from the activities set forth subsequently:
- a. <u>Use Violations</u>, <u>Etc</u>. Grantor will not use the Mortgaged Property or any part thereof or allow the same to be used or occupied for any illegal or unlawful purpose or in violation of any certificate of occupancy or other permit or certificate, or any law, ordinance, or regulation, or any restrictions or reservations covering or affecting the use or occupancy thereof, or suffer any act to be done or any conditions to exist on the Mortgaged Property or any part thereof or any article to be brought thereon, which may be dangerous unless safeguarded as required by law, or which may, in law, constitute a nuisance, public or private, or which may make void or voidable any insurance then in force with respect thereto.

- b. <u>Alterations, Etc.</u> Grantor will not commit or knowingly permit any waste of the Mortgaged Property or any part thereof or make or permit to be made any alterations or additions to the Mortgaged Property that would have the effect of materially diminishing the value thereof.
- c. <u>Replacement of Fixtures and Personalty</u>. Grantor will not permit any of the Fixtures or Personalty to be removed at any time from the Real Estate and/or Improvements without the prior written consent of Beneficiary, unless actually replaced by an article of equal suitability and value, owned by Grantor, free and clear of any lien or security interest except such as may be approved in writing by Beneficiary.
- d. Other Liens. Grantor will not, without the prior written consent of Beneficiary, create or permit to be created or to remain, any mortgage, pledge, lien, lease, encumbrance or charge on, security interest in, or conditional sale or other title retention agreement, whether prior or subordinate to the liens of the Security Documents, with respect to the Mortgaged Property or any part thereof or income therefrom, other than the Security Documents and the Permitted Encumbrances.
- e. <u>Mechanic's Lien</u>. Grantor will not permit any mechanic's lien to be filed against the Mortgaged Property or any part thereof and remain unsatisfied or not bonded so as to remove same for a period of thirty days after filing thereof.
- f. No Transfer of Ownership. Grantor covenants and agrees that they shall not, prior to the full payment and discharge of the indebtedness, convey or transfer ownership, in whole or in part, of the Mortgaged Property except as hereinafter provided. If without the prior written consent of the Beneficiary, Grantor or any of Grantor's successors in title should convey the subject property, or any interest therein, to any other party, or should a creditor, receiver, or trustee in bankruptcy obtain any interest in the property, or should any party obtain an interest by attachment or sale in accordance with the orders of any court of competent jurisdiction or by any means other than inheritance or devise, the entire principal balance of the Indebtednesses and Obligations secured hereby, together with interest accrued thereon, shall, at the absolute option of the Beneficiary, be and become immediately due and payable for all purposes.
- 6. Events of Default. The term "Event(s) of Default" as used in the Security Documents and in the Note, shall mean the occurrence or happening, from time to time, of any one or more of the following:
- a. <u>Payment of Indebtedness</u>. If Grantor shall default in the due and punctual payment of all or any portion of any installment of the Indebtedness as and when the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment or by acceleration or otherwise;
- b. <u>Performance of Obligations</u>. If Grantor shall default in the due observance or performance of any of the Obligations other than payment of money and such default shall not be curable, or if curable shall continue for a period of thirty days' grace after written notice thereof

from the Beneficiary to Grantor (unless such default, if curable, requires work to be performed, acts to be done, or conditions to be remedied, which by their nature cannot be performed, done, or remedied, as the case may be, within such thirty-day period and Grantor shall diligently and continuously process the same to completion).

- c. <u>False Representation</u>. If any representation or warranty made by Grantor or others in, under, or pursuant to the Note or the Security Documents shall prove to have been false or misleading in any material respect as of the date on which such representation or warranty was made;
- d. <u>Voluntary Bankruptcy</u>, <u>Etc</u>. If Grantor shall (1) voluntarily be adjudicated a bankrupt or insolvent, (2) seek or consent to the appointment of a receiver or trustee for itself or for all or any part of its property, (3) file a petition seeking relief under the bankruptcy or similar laws of the United States or any state or any other competent jurisdiction, (4) make a general assignment for the benefit of creditors, or (5) admit in writing its inability to pay its debts as they mature;
- e. <u>Involuntary Bankruptcy</u>, <u>Etc</u>. If a court of competent jurisdiction shall enter an order, judgment, or decree appointing, without the consent of Grantor, a receiver or trustee for it or for all or any part of its property or approving a petition filed against it seeking relief under the bankruptcy or other similar laws of the United States or any state or other competent jurisdiction, and such order, judgment, or decree shall remain in force undischarged or unstayed for a period of thirty days;
  - f. Dissolution. If Grantor or any Guarantor shall dissolve or liquidate;
- g. <u>Loan Agreement Defaults</u>. A default under the Loan Agreement of even date herewith.

## 7. Default and Foreclosure.

- a. <u>Remedies</u>. If an Event of Default shall occur, Beneficiary may, at its option, exercise any or all of the following remedies:
- i. <u>Acceleration</u>. Declare the unpaid portion of the indebtedness to be immediately due and payable, without further notice or demand (each of which hereby is expressly waived by Grantor), whereupon the same shall become immediately due and payable;
- ii. <u>Entry on Mortgaged Property</u>. Enter on the Mortgaged Property and take possession thereof and of all books, records, and accounts relating thereto;
- iii. Operation of Mortgaged Property. Enter and take possession of the Premises and may exclude Grantor, its agent and servants, wholly therefrom, having and holding the same, may use, operate, manage, and control the Premises or any part thereof, and upon every such entry the Beneficiary, at the expense of the Premises, from time to time may make all necessary or proper repairs, renewals, replacements and useful or required alterations, additions,

betterments, and improvements to and upon the Premises as to it may seem judicious and pay all proper costs and expenses of so taking, holding, and managing the same, including reasonable compensation to its agents, servants, attorneys and counsel, and any taxes, assessments, and other charges prior to the lien of this Deed of Trust which the Beneficiary may deem it wise to pay, and in such case the Beneficiary shall have the right to manage the Premises and to carry on the business and exercise all rights and powers of Grantor, either in the name of Grantor or otherwise, as the Beneficiary shall deem advisable; and Beneficiary shall be entitled to collect and receive all earnings, revenues, rents, issues, profits, and other income thereof and therefrom. After deducting the expenses of operating the Premises and of conducting the business thereof, and of all repairs, maintenance, renewals, replacements, alterations, additions, betterments, improvements, and all payments which it may be required or may elect to make for taxes, assessments, or other proper charges on the Premises, or any part thereof, as well as just and reasonable compensation for all agents, clerks, and other employees and for all attorneys and counsel engaged and employed, the moneys arising as aforesaid shall be applied to the indebtedness secured hereby. Whenever all that is due on the principal of and interest on the Note and under any of the terms of this Deed of Trust shall have been paid and all defaults made good, the Beneficiary shall surrender possession to Grantor. The same right to entry, however, shall exist if any subsequent Event of Default shall happen.

iv. <u>Foreclosure</u>. Upon such default, Trustee is fully authorized and empowered to advertise the above designated premises for sale, for twenty-one (21) days by three (3) weekly notices, in some newspaper of general circulation published in Washington County, Tennessee, stating the time, terms and place of sale and sell the same at the front door of the Washington County Courthouse where judicial sales are usually made, or at the location of the mortgaged property, to the highest and best bidder at public outcry for cash in hand, and in bar of the rights and equities of redemption (specifically including the statutory right of redemption afforded by T.C.A. Section 66-8-101), dower and homestead, all of which are hereby waived, and it will apply the proceeds of such sale as follows:

First, to pay all proper costs, charges, attorney fees and expenses, including the fees and costs herein provided for, and to pay or repay to the Trustee or Beneficiary all moneys advanced by them or either of them for taxes, insurance, and assessments, or otherwise, with interest thereon as provided herein, and to pay all taxes, general and special, due on said Premises at the time of sale, and to pay any other liens prior to the Lien of this Deed of Trust unless said sale is made subject to such tax or other lien, and to pay a commission to the person or persons making the sale in the amount of 2 percent of the proceeds and avails of such sale, or in an amount equal to the commission allowed trustees for making sale of property under decrees of the court having jurisdiction, whichever is greater; and

Second, to pay or satisfy any superior lien or encumbrance;

Third, to the payment of the debt secured by this instrument.

Fourth, to subsequent lienors, to the Grantor or to such person as may be legally entitled thereto.

Said sale may be postponed or adjourned from time to time without readvertising, and may be dismissed and not made. Trustee, or any successor trustee, is authorized to appoint an agent to make any sale hereunder, and any sale so made shall have the same validity as if made by said Trustee; and a cash deposit may be required as a condition for the acceptance of bids.

The giving of bond, making of oath or filing of inventory by Trustee, or its successors, is hereby expressly waived.

Beneficiary shall have the right, in their absolute discretion and without assigning any cause or reason whatsoever, and without the giving of any notice to any of the parties named herein, the giving of any notice being expressly waived by all parties hereto, to remove at any time the trustee named herein, or any successor trustee, and to appoint a successor in trust by written instrument executed by Beneficiary, or any of them, and such successor in trust shall become vested with identically the same title to said property and the same rights and powers, and subject to the same duties as the Trustee named herein, and each appointment of a successor in trust by the Beneficiary shall be recorded in the office of the Register of Deeds of Washington County, Tennessee.

It is hereby expressly covenanted and agreed that from the date of default in the payment of the indebtedness hereby secured, as herein provided, Grantor, or any tenant holding under them, shall become the tenant at will of Trustee herein for the use of Beneficiary and the purchaser of said property upon such terms as the Trustee or purchaser may direct, and in case of sale, the Trustee will execute to the purchaser all necessary title papers and place the purchaser in the quiet and peaceful possession of said premises.

- v. <u>Commissions and Release Fees</u>. Upon foreclosure, Trustee shall be entitled to retain as compensation a commission equal to 2 percent of the proceeds of sale on foreclosure.
- vi. <u>Commissions Upon Advertisement</u>. Grantor hereby agrees to indemnify and hold harmless Trustee from and against any and all suit, loss, claim, damage, or expense and attorney's fees and expenses incurred by Trustee in connection with, arising out of, or as a result of Trustee's service as Trustee hereunder, including specifically, but without limitation, all costs, including attorney's fees and expenses, incurred as a result of Trustee being named as a party to any lawsuit, including lawsuits brought by Grantor against the Trustee.
- vii. Other. The Beneficiary may exercise any other remedy specifically granted under the Security Documents or now or hereafter existing in equity, at law, by virtue of statute or otherwise.
- b. <u>Separate Sales</u>. Any real estate or any interest or estate therein sold pursuant to any writ of execution issued on a judgment by virtue of the Note or this Deed or the other Security Documents, or pursuant to any other judicial proceedings under this Deed or the other Security

Documents, may be sold in one parcel, as an entirety, or in such parcels and in such manner or order as Beneficiary, in its sole discretion, may elect.

- c. Waiver of Right to Require Subdivision. The Grantor agrees that in the event of a sale hereunder, the Trustee shall not be required to sell the Real Estate according to a plan of subdivision submitted pursuant to T.C.A. §35-5-108. Grantor hereby waives and relinquishe any right under T.C.A. §35-5-108, as it now exists or may hereafter be amended, to require the sale of a portion of the Real Estate or Premises or to have the Real Estate or Premises sold according to a plan of subdivision. Grantor agrees that it will not prior to a scheduled sale, deliver to the officer or person making any sale under this Deed of Trust, or by law, a plan of division of the Real Estate or Premises or require the sale of a portion of the Real Estate or Premises or require that the Real Estate or Premises be sold according to a plan of division.
- d. <u>Remedies Cumulative and Concurrent</u>. The rights and remedies of Beneficiary as provided in the Note and in the Security Documents shall be cumulative and concurrent and may be pursued separately, successively, or together against Grantor or against other obligors or against the Mortgaged Property, or any one or more of them, at the sole discretion of Beneficiary and may be executed as often as occasion therefor shall arise. The failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.
- e. Strict Performance. Any failure by Beneficiary to insist on strict performance by Grantor of any of the terms and provisions of the Security Documents or of the Note shall not be deemed to be a waiver of any of the terms or provisions of the Security Documents or the Note, and Beneficiary shall have the right thereafter to insist on strict performance by Grantor of any and all of them. Failure of the Beneficiary to exercise the option for acceleration of maturity and/or foreclosure following any default as aforesaid or to exercise any other option granted to the Beneficiary hereunder in any one or more instances, or the acceptance by Beneficiary of partial payments hereunder shall not constitute a waiver of any such default, but such option shall remain continuously in force. Acceleration of maturity, once claimed hereunder by Beneficiary, may, at the option of Beneficiary, be rescinded by written acknowledgment to that effect by the Beneficiary, but the tender and acceptance of partial payment alone shall not in any way affect or rescind such acceleration of maturity.
- f. No Conditions Precedent to Exercise of Remedies. Neither Grantor nor any other person now or hereafter obligated for payment of all or any part of the indebtedness shall be relieved of such obligation by reason of the failure of Beneficiary to comply with any request of Grantor or of any other person so obligated to take action to foreclose on this Deed or otherwise enforce any provisions of the Security Documents or the Note, or by reason of the release, regardless of consideration, of all or any part of the Security held for the indebtedness, or by reason of any agreement of stipulation between any subsequent owner of the Mortgaged Property and Beneficiary extending the time of payment or modifying the terms of the Security Documents or Note without first having obtained the consent of Grantor or such other person; and in the latter event, Grantor and all other such persons shall continue to be liable to make payment according to the terms of such extension or Modification Agreement, unless expressly released and discharged in writing by Beneficiary.

- g. <u>Release of Collateral</u>. Beneficiary may release, regardless of consideration, any part of the Security held for the Indebtedness or Obligations without, as to the remainder of the Security, in any way impairing or affecting the liens of the Security Documents or their priority over any subordinate lien.
- h. <u>Other Collateral</u>. For payment of the indebtedness, Beneficiary may resort to any other security therefor held by Beneficiary in such order and manner as Beneficiary may elect.
- i. Waiver of Redemption, Notice, Marshalling, Etc. Grantor hereby waive sand releases: (1) all benefit that might accrue to Grantor by virtue of any present or future law exempting the Mortgaged Property, or any part of the proceeds arising from any sale thereof, from attachment, levy, or sale on execution, or providing for any appraisement, valuation, stay of execution, exemption from civil process, redemption or extension of time for payment, and (2) unless specifically required herein, all notices of Grantor's default or of Beneficiary's election to exercise, or Beneficiary's actual exercise, of any option or remedy under the Note or the Security Documents, and (3) any right to have the Mortgaged Property marshaled.
- j. <u>Discontinuance of Proceedings</u>. In case Beneficiary shall have proceeded to enforce any right under the Note or the Security Documents and such proceedings shall have been discontinued or abandoned for any reason, then in every such case Grantor and Beneficiary shall be restored to their former positions and the rights, remedies, and powers of Beneficiary shall continue as if no such proceedings had been taken.
- k. Tender of Payment of Default. Upon any default by Grantor and following the acceleration of maturity as herein provided, a tender of payment of the amount necessary to satisfy the entire Indebtedness secured hereby made at any time prior to foreclosure sale (including sale under power of sale) by the Grantor, its successors, or assigns or by anyone on behalf of the Grantor, his heirs, successors or assigns, shall constitute an evasion of the prepayment terms hereunder and shall be deemed to be a voluntary prepayment thereunder, and any such payment to the extent permitted by law will, therefore, include the premium required under the prepayment privilege, if any, contained in the Note secured hereby, or if at that time there be no prepayment privilege, then such payment will, to the extent permitted by law, include a premium of 5 percent of the then principal balance.
- 8. Condemnation. Grantor shall give Beneficiary immediate notice of the actual or threatened commencement of any proceedings under eminent domain affecting all or any part of the Mortgaged Property or any easement therein or appurtenance thereof, including severance and consequential damage and change in grade of streets, and will deliver to Beneficiary copies of any and all papers served in connection with any such proceedings. Grantor hereby assigns, transfers, and set over to Beneficiary all rights of Grantor to any award or payment in respect of the following:
- a. Any taking of all or a portion of the Mortgaged Property as a result of, or by agreement in anticipation of, the exercise of the right of condemnation or eminent domain.

- b. Any such taking of any appurtenances to the Mortgaged Property or of vaults, areas or projections outside the boundaries of the Mortgaged Property, or rights in, under, or above the alleys, streets, or avenues adjoining the Mortgaged Property, or rights and benefits of light, air, view, or access to said alleys, streets, or avenues, or for the taking of space or rights therein below the level of or about the Mortgaged Property.
- c. Any damage to the Mortgaged Property or any part thereof due to governmental action, but not resulting in a taking of any portion of the Mortgaged Property, such as, without limitation, the changing of the grade of any street adjacent to the Mortgaged Property.

Grantor hereby agrees to file and prosecute their claim or claims for any such award or payment in good faith and with due diligence and cause the same to be collected and paid over to Beneficiary and hereby irrevocably authorizes and empowers Beneficiary, in the name of Grantor or otherwise, to collect and receive any such award of payment and, in the event Grantor fail to act, or in the event that an Event of Default has occurred and is continuing, to file and prosecute such claim or claims.

All proceeds received by Beneficiary with respect to taking of all or any part of the Mortgaged Property or with respect to damage to all or any part of the Mortgaged Property from governmental action not resulting in a taking of the Mortgaged Property, shall be applied as follows, in the order of priority indicated:

- a. To reimburse Beneficiary for all costs and expenses, including reasonable attorney fees, incurred in connection with collecting the said proceeds.
  - b. To the payment of accrued and unpaid interest on the Note.
  - c. To the prepayment of the unpaid principal of the Note, without premium.
- d. To the payment of the balance of the indebtedness, and the balance, if any, will be paid to Grantor, provided that Beneficiary shall have the option to specify the manner in which such proceeds shall be disbursed by Grantor, and such release of such proceeds to Grantor shall not affect the lien hereof or reduce the amount of the indebtedness.
- 9. <u>Assignment of Leases and Rents</u>. In order to secure further the payment of the indebtedness and the observance, performance, and discharge of the Obligations, Grantor hereby sells, assigns, transfers, and set over to Beneficiary all of Grantor's right, title, and interest in, to, and under the Leases, and in and to the Rents.
- a. <u>Performance Under Leases</u>. Grantor will, at his cost and expense, perform and discharge, or cause to be performed and discharged, all of the obligations and undertakings of Grantor or his agents under the Leases, and will use their best efforts to enforce or secure, or cause to be enforced or secured, the performance of each and every obligation and undertaking of the respective tenants under the Leases, and will appear in and defend at their cost and expense, any

action or proceeding arising under or in any manner connected with the Leases or the obligations and undertaking of any tenant thereunder.

b. <u>No Third-Party Assignments</u>. Grantor shall not assign or otherwise encumber future rental payments under the Leases.

## 10. Miscellaneous.

- a. <u>Loan Expenses</u>. Grantor shall pay all costs and expenses in connection with the preparation, execution, delivery and performance of the Security Documents, including (but not limited to) fees and disbursements of theirs and Beneficiary's counsel, broker's fees, recording costs and expenses, stamp and other taxes, surveys, appraisals and policies of title insurance, physical damage insurance, and liability insurance.
- b. No Representation by Beneficiary. By accepting or approving anything required to be observed, performed, or fulfilled, or to be given to Beneficiary pursuant to the Security Documents, including (but not limited to) any officer's certificate, balance sheets, statement of profit and loss or other financial statement, survey, appraisal or insurance policy. Beneficiary shall not be deemed to have warranted or represented the sufficiency, legality, effectiveness, or legal effect of the same, or of any term, provision, or condition thereof, and such acceptance or approval thereof shall not be or constitute any warranty or representation with respect thereto by Beneficiary.
- c. <u>Notice</u>. All notices, demands, requests, and other communications required under the Security Documents and the Note shall be in writing and shall be deemed to have been properly given if sent by U.S. first-class mail, postage prepaid, addressed to the party for whom it is intended at their address set forth in the Definitions hereof. Any party may designate a change of address by written notice to the others, given at least ten days before such change of address is to become effective.
- d. Beneficiary's Right to Perform the Obligations. If Grantor shall fail to make any payment or perform any act required by the Note or the Security Documents, then, at any time thereafter, with notice as herein provided to or demand upon Grantor and without waiving or releasing any obligation or default, Beneficiary may make such payment or perform such act for the account of, and at the expense of, Grantor and shall have the right to enter the Real Estate and/or Improvements for such purposes and to take all such action thereon and with respect to the Mortgaged Property as may be necessary or appropriate for such purpose. All sums so paid by Beneficiary and all costs and expenses, including, without limitation, reasonable attorney fees and expenses so incurred, together with interest thereon at a rate provided in the Note from the date of payment or incurring, shall constitute additional indebtedness secured by the Security Documents and shall be paid by Grantor to Beneficiary on demand. If Beneficiary shall elect to pay any Imposition, Beneficiary may do so ten days after written notice of such election by Beneficiary is given to Grantor and in reliance on any bill, statement, or assessment procured from the appropriate public or nonpublic office, without inquiring into the accuracy thereof or into the validity of such Imposition, Similarly, in making any payments to protect the security intended to be created by the Security Documents, Beneficiary shall not be bound to inquire into the validity of any apparent or

threatened adverse title, lien, encumbrance, claim, or charge before making an advance for the purpose of preventing or removing the same; provided that such payment shall not be made until ten days after written notice of the intent to make such payment is given to Grantor. Grantor shall indemnify Beneficiary for all losses and expenses, including reasonable attorney fees, incurred by reason of any acts performed by Beneficiary pursuant to the provisions of this Subsection or by reason of the Security Documents, and any funds expended by Beneficiary to which it shall be entitled to be indemnified, together with interest thereon at the rate provided in the Note from the date of such expenditures, shall constitute additions to the Indebtedness and shall be secured by the Security Documents and shall be paid by Grantor to Beneficiary upon demand.

- e. <u>Covenants Running With the Real Estate</u>. All covenants contained in the Security Documents shall run with the Mortgaged Property.
- f. <u>Successors and Assigns</u>. All of the terms of the Security Documents shall apply to and be binding on and inure to the benefit of the successors and assigns of Grantor and Beneficiary respectively, and all persons claiming under or through them.
- g. <u>Modification</u>. The Security Documents and the terms of each and all of them may not be changed, waived, discharged, or terminated orally, but only by an instrument or instruments in writing, signed by the party against which enforcement of the change, waiver, discharge, or termination is asserted.
- h. <u>Counterparts</u>. This Deed may be executed in any number of counterparts, each of which shall be an original, but all of which together will constitute one instrument.
- i. <u>Applicable Law</u>. The Security Documents and Note shall be governed and construed according to the laws of the State of Tennessee.
- j. No Release in Default. No partial release of the Premises herein described shall be sought or requested to be executed at any time when there shall be any default or delinquency by the Grantor in any material term, provision, covenant, or condition hereof or of the Note secured hereby.
- k. Nature of Loan. The Grantor hereby represents and warrants that it is a business or commercial organization and further represents and warrants that the Loan secured by this Deed of Trust was made and transacted solely for the purpose of carrying on or acquiring a business or commercial investment.
- 1. <u>Saving Clause</u>. If any clauses or provisions herein contained operate or would prospectively operate to invalidate this Deed of Trust in whole or in part, then, such clauses and provisions only shall be held for naught, as though not herein contained, and the remainder of this Deed of Trust shall remain operative and in full force and effect.
- m. <u>Headings</u>. The Article headings and the Section and Subsection entitlements hereof are inserted for convenience of reference only and shall in no way alter or modify the text of

such Articles, Sections, and Subsections.

IN WITNESS WHEREOF, the said Grantor has set his hands this \_\_\_\_ day of August, 2013.

DONNY LIKEEVES, M.D.

STATE OF TENNESSEE

**COUNTY OF WASHINGTON** 

Personally appeared before me, \_\_\_\_\_\_\_\_, a Notary Public of the state and county aforesaid, **DONNY L. REEVES, M.D.**, the within named bargainor, with whom I am personally acquainted, (or proved to me on the basis of satisfactory evidence) and who acknowledged that he executed the within instrument for the purposes therein contained.

Witness my hand, at office, this day of August, 2013\_

My Commission Expires:

MY COMMISSION EXPIRES

JULY 27, 2016



## **EXHIBIT A**

Situate, lying and being in the 10<sup>th</sup> Civil District of Washington County, Tennessee, and more particularly described as follows:

## PARCEL I:

BEING all of Suite 500 of Waterbrooke Professional Park, Phase I, as shown by map or plat of such condominiums of record in Plat Book 20, Page 797, in the office of the Register of Deeds for Washington County, Tennessee, together with an appurtenant percentage of undivided interest in the common elements as set forth in the Master Deed of Waterbrooke Professional Park of Record in said Register's Office on Roll 595, Image 1220; and amended by First Amendment to Master Deed dated May 8, 2008, and recorded on Roll 602, Image 968, and further amended by Second Amendment to Master Deed dated August 2013, and recorded on Roll 312, Image 1393, to which reference is here made.

### PARCEL II:

BEING all of Suite 504 of Waterbrooke Professional Park, Phase I, as shown by map or plat of such condominiums of record in Plat Book 20, Page 799, in the office of the Register of Deeds for Washington County, Tennessee, together with an appurtenant percentage of undivided interest in the common elements as set forth in the Master Deed of Waterbrooke Professional Park of Record in said Register's Office on Roll 595, Image 1220; and amended by First Amendment to Master Deed dated May 8, 2008, and recorded on Roll 602, Image 968, and further amended by Second Amendment to Master Deed dated August 30, 2013, and recorded on Roll 812, Image 1293, to which reference is here made.

AND BEING the same property conveyed to Donny Reeves, M.D., from CDP6, a Tennessee general partnership by Warranty Deed dated August 22, 2013, and recorded at Roll 212, Image 1398, in the office of the Register of Deeds for Washington County, Tennessee.

ROLL/IMG: 812/1302-1320

	19 PGS : AL - TRUST DEED	
	CHELSIE BATCH: 93263	08/30/2013 - 04.02 FM
	VALUE	1121836.00
=	MORTGAGE TAX	1287.81
	TRANSFER TAX	0.00
	RECORDING FEE	95.00
	ARCHIVE FEE	0.00
	DP FEE	2.00
	REGISTER'S FEE	1.00
	TOTAL AMOUNT	1385.8
	TO THE OF YOUNESSEE	WASHINGTON COUNTY

GINGER B. JILTON REGISTER OF DEEDS

CL. 340763210 Dany L. Reeves

## ROLL/IMG: 812/1321-1325 13015723

5 PGS : AL - ASSIGNMENT	
CHELSIE BATCH: 93263	08/30/2013 - 04:02 PM
VALUE	0.00
MORTGAGE TAX	0.00
TRANSFER TAX	0.00
RECORDING FEE	25.00
ARCHIVE FEE	0.00
DP FEE	2.00

STATE OF TENNESSEE, WASHINGTON COUNTY **GINGER B. JILTON** 

## ASSIGNMENT OF RENTS AND LEASES

This instrument prepared by:

Wesley Plaza, Suite 1 2513 Wesley Street P.O. Box 4210 CRS Johnson City, TN 37602

(423) 282-1006

(423) 282-3081 (fax)

RICK J. BEARFIELD, Attorney at Law

ASSIGNMENT made this \_\_\_\_\_ day of August, 2013, by DONNY REEVES, M.D. (hereinafter referred to as "Assignor"), to STATE OF FRANKLIN BANK, A DIVISION OF JEFFERSON FEDERAL BANK, (hereinafter referred to as "Assignee").

## Recitals

The Assignor is the owner in fee of certain Premises located in Washington County, Tennessee (hereinafter referred to as the "Premises") and described on attached Exhibit A. The Assignee has loaned to the Assignor the original sum of One Million, One Hundred Twenty One Thousand Eight Hundred Thirty Six Dollars (\$1,121,836.00) by Promissory Note dated Hundred. 2013 (hereinafter referred to as the "Note").

In consideration of the Loan and in addition to executing the Note for the sum of One Million, One Hundred Twenty One Thousand Eight Hundred Thirty Six Dollars (\$1,121,836.00), and executing and delivering the Deed of Trust to secure the payment of the Note, Assignor also executes and delivers this Assignment of Rents as additional collateral for the repayment of the Note.

Now, therefore, in order to better secure the payment to the Assignee of the principal on the aforesaid Note, with interest, now due or hereafter to become due thereon, and of all premiums of insurance on policies which the Assignee has effected and may effect under the terms of the Deed of Trust and of all taxes and assessments which may now be due and unpaid, or which may hereafter become due and a charge against or a lien upon the Premises, with interest and penalties thereon, the Assignor hereby assign to the Assignee for so long as the Note

Automatic Release: This instrument is being recorded contemporaneously with a Deed of Trust executed by the Grantor herein in favor of State of Franklin Bank, a division of Jefferson Federal Bank. Any partial or full release executed State of Franklin Bank, a division of Jefferson Federal Bank upon said Deed of Trust shall automatically release the same property from this instrument.

remains unpaid all the rents, issues, and profits due and to become due from the Premises together with all leases, agreements, service contracts, and insurance policies affecting the mortgaged Premises.

- 1. <u>Collection of Rents</u>. The Assignee shall have the power and authority to enter upon and take possession of the Premises and to demand, collect, and receive from the tenants, lessees, or other occupants now or at any time hereafter in possession of the Premises or from any part thereof, rents now due or to become due, to endorse the name of the Assignor or any subsequent owner of the Premises on any checks, Notes, or other instruments for the payment of money, to deposit the same in bank accounts.
- 2. Authority to Lease. The Assignee shall have the power to lease or rent the Premises, or any part thereof, to employ an agent to rent and manage the Premises, whose compensation shall be fixed at five percent (5%) of the gross rents collected, to make any changes or improvements deemed by it necessary or expedient for the leasing or the renting of the Premises, to keep and maintain the Premises in a tenantable and rentable condition, as well as in good state of repair, and to purchase all equipment or supplies necessary in the operation and maintenance of the Premises and to pay for all gas, electricity, power, painting, repairs, wages of employees, and other items for the maintenance of the Premises, and to pay the principal and/or interest of the said Note, now due or hereafter to become due, and to pay the premiums on all policies of insurance now or hereafter effected by the Assignee and to comply with orders of all governmental departments having jurisdiction against the Premises, and to remove any mechanic's liens, security interests, or other liens against the Premises, and, in general, to pay all charges and expenses incurred in the operation of the Premises.
- 3. <u>Payment of Expenses</u>. The Assignee shall have the authority to pay the cost of all the matters herein mentioned out of the rents and other revenues received from the Premises and the cost of any of such expenditures and of any payments which may be made by the Assignee under any of the provisions of this Assignment, including expenses and charges for counsel fees, shall

be charged to the Assignor and for all purposes be deemed secured hereby and they may be retained by the Assignee out of the rents of the Premises.

- 4. Transfer of Leases. The Assignor assigns, transfers, and sets over to the Assignee all leases or subleases made to the various tenants in the building, and all its right, title, and interest therein, authorizes and empowers the Assignee to continue present leases, or to demise any space therein upon such terms and conditions as the Assignee may deem just and proper, and, if necessary, to execute, acknowledge, and deliver any and all instruments in writing necessary to effectuate this Assignment. The Assignee shall have full power and authority to do and perform all acts or things necessary and requisite to be done in and about the Premises, as fully and to all intents and purposes as the Assignor might or could do if present, with full power of substitution and revocation.
- 5. Rights of Assignee in Collateral. This assignment of rents is for the limited purpose of securing repayment of the Loans evidenced by the aforesaid Note and secured by the Deed of Trust. It is understood and agreed by the parties that this Assignment shall in no manner prejudice the Assignee or estop the Assignee in any way in the exercise of its right as beneficiary of the Deed of Trust and this Assignment shall be at all times subject to the exercise of any such rights which the Assignee may have and to any proceedings which the Assignee may be entitled to take in connection therewith. It is further understood and agreed that so long as there is no default under the Note or Deed of Trust, Assignee shall not exercise any rights it has under this Assignment.
- 6. <u>Surplus Funds</u>. The Assignee shall turn over to the Assignor any surplus which the Assignee may have on hand after paying all expenses in connection with the operation and maintenance of the Premises. The turning over of any surplus by the Assignee to the Assignor shall in no way obligate the Assignee to continue to turn over such surplus.
- 7. <u>Further Assignment</u>. The Assignee is given the privilege of assigning all of its right, title, and interest in and to this Assignment to any person, firm, or corporation to whom the Note and Deed of Trust are assigned, and in such manner so that the holder of the Note and Deed of

Trust shall have all of the rights and privileges given herein to the Assignee as if such assignee were originally named herein as the Assignee.

IN WITNESS WHEREOF, the Assignor has executed this assignment on the day and date first set out above.

ASSIGNOR:

DONNY RREVES, M.D.

AORL8624RC.003-CM.DOC

STATE OF TENNESSEE )		
) COUNTY OF WASHINGTON )		
Personally appeared before me,	Suransims	, a Notary
Public of the state and county aforesai	id, DONNY REEVES,	M.D., the within named
bargainor, with whom I am personally	acquainted, (or prove	ed to me on the basis of
satisfactory evidence) and who acknowle	edged that he executed	the within instrument for
the purposes therein contained.	-	

WASHING WASHING

Witness my hand, at office, this \_\_\_\_\_ day of August, 2013.

My Commission Expires: MY COMMISSION EXPIRES JULY 27, 2016 Notany Public

## EXHIBIT A

Situate, lying and being in the 10<sup>th</sup> Civil District of Washington County, Tennessee, and more particularly described as follows:

## PARCEL I:

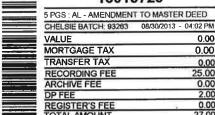
BEING all of Suite 500 of Waterbrooke Professional Park, Phase I, as shown by map or plat of such condominiums of record in Plat Book 20, Page 799, in the office of the Register of Deeds for Washington County, Tennessee, together with an appurtenant percentage of undivided interest in the common elements as set forth in the Master Deed of Waterbrooke Professional Park of Record in said Register's Office on Roll 595, Image 1220; and amended by First Amendment to Master Deed dated May 8, 2008, and recorded on Roll 602, Image 968, and further amended by Second Amendment to Master Deed dated August 20, 2013, and recorded on Roll 312, Image 1373, to which reference is here made.

## **PARCEL II:**

BEING all of Suite 504 of Waterbrooke Professional Park, Phase I, as shown by map or plat of such condominiums of record in Plat Book 20, Page 799, in the office of the Register of Deeds for Washington County, Tennessee, together with an appurtenant percentage of undivided interest in the common elements as set forth in the Master Deed of Waterbrooke Professional Park of Record in said Register's Office on Roll 595, Image 1220; and amended by First Amendment to Master Deed dated May 8, 2008, and recorded on Roll 602, Image 968, and further amended by Second Amendment to Master Deed dated August 20, 2013, and recorded on Roll 812, Image 1293, to which reference is here made.

AND BEING the same property conveyed to Donny Reeves, M.D., from CDP6, a Tennessee general partnership by Warranty Deed dated August 22, 2013, and recorded at Roll 212, Image 1298, in the office of the Register of Deeds for Washington County, Tennessee.

CL-340763210 Donny L. Reeves ROLL 5: 812/1293-1297



STATE OF TENNESSEE, WASHINGTON COUNTY
GINGER B. JILTON

For Register's Office Use

Wesley Plaza, Suite 1
2513 Wesley Street
P.O. Box 4210 CRS
Johnson City, TN 37602

RICK J. BEARFIELD, Attorney at Law

This instrument prepared by:

(423) 282-1006

(423) 282-3081 (fax)

SECOND AMENDMENT TO MASTER DEED
ESTABLISHING HORIZONTAL PROPERTY REGIME
FOR
WATERBROOKE PROFESSIONAL PARK CONDOMINIUMS

THIS SECOND AMENDMENT TO MASTER DEED ESTABLISHING HORIZONTAL PROPERTY REGIME is made and entered into on this 30 day of August, 2013, by CDP6, A TENNESSEE GENERAL PARTNERSHIP.

## WITNESSETH:

WHEREAS, by Master Deed Establishing Horizontal Property Regime dated the 24<sup>th</sup> day of March, 2008, and recorded at Roll 595, Image 1220, Register's Office for Washington County, Tennessee (the "Master Deed"), the undersigned declared and established a Horizontal Property Regime with respect to certain property located in the Tenth (10<sup>th</sup>) Civil District of Washington County, Tennessee, and more particularly described in the Master Deed (the "Property"); and

WHEREAS, the undersigned has heretofore amended the Master Deed by First Amendment to Master Deed Establishing Horizontal Property Regime For Waterbrooke Professional Park Condominiums dated May 12, 2008, of record at Roll 602, Image 968; and

WHEREAS, the undersigned has heretofore amended the Plat by its "Lot 1A, Waterbrooke Professional Park, Phase 1" which appears at Plat Book 19, Page 885, in the Register's Office for Washington County, Tennessee; and

WHEREAS, Section 25(c) reserves to the Developer, until Developer sells 100% of the Units, the right to unilaterally amend the Master Deed; and

WHEREAS, the undersigned has not sold 100% of the Units; and

WHEREAS, the undersigned desires to amend the Master Deed by submitting additional property to the Horizontal Property Regime to become part of Waterbrooke Professional Park Condominiums; and

WHEREAS, the undersigned has recorded an amendment to the plat title "Condominium Location Plat—Suite 500, 504 and 508 Lot 1E – Waterbrooke Professional Park-Phase 1" which appears at Plat Book 20, Page 799, in the Register's Office for Washington County, Tennessee, (the "Lot 1E Plat") and is desirous of amending the Master Deed by submitting additional property to the Horizontal Property Regime and making such property part of Waterbrooke Professional Park Condominiums; and

WHEREAS, the undersigned desires to amend the Master Deed to authorize the payment by the Association of the charges associated with the right to drain and retain stormwater on the property within Waterbrooke – Phase I, as shown by map or plat of said Subdivision of record in Plat Book 18, Page 288, in the office of the Register of Deeds for Washington County, Tennessee;

NOW, THEREFORE, the Master Deed is hereby amended in the following particulars:0

- I. The Developer, by recording this Declaration, does hereby submit and subject the Property shown on the Lot 1E Plat to a Horizontal Property Regime and to the terms, covenants and conditions of the Master Deed and hereby establishes the property shown on the Lot 1E Plat as part of the condominium development known as Waterbrooke Professional Park Condominiums.
- II. Exhibit C to the Master Deed is deleted in its entirety and replaced with a new Exhibit C, which is attached hereto.
- III. Waterbrooke Professional Park Owners Association, Inc. is hereby authorized to compensate the Homeowner's Association of Waterbrooke Phase 1, as shown by map or plat of said Subdivision of record in Plat Book 18, Page 288, for the right to drain and retain stormwater on the property of Waterbrooke Phase I, as shown by map or plat of said Subdivision of record in Plat Book 18, Page 288.
- IV. Except as herein expressly modified and amended, the said Master Deed and all terms and conditions thereof shall be and remain in full force and effect and unchanged.

IN WITNESS WHEREOF CDP6, A TENNESSEE GENERAL PARTNERSHIP has caused its name to be signed to these presents by its General Partner as of the day and date first above written.

CDP6, A TENNESSEE GENERAL PARTNERSHIP:

SPEROPULOS, General Partner

State of Franklin Bank, a division of Jefferson Federal Bank ("Bank") joins in to this Amendment for the purposes of subordinating its Deed of Trust dated February 7, 2013, of record on Roll 788, Image 217, in the Register's Office for Washington County, Tennessee ("Bank's Trust Deed") to the Master Deed. The Bank further acknowledges and agree that it's collateral under the Bank's Trust Deed will consist of units 500, 504, and 508. The Bank also hereby releases any interest it may have in any of the Common Elements.

**BANK:** 

STATE OF FRANKLIN BANK, a division of Jefferson Federal Bank

HARVEYL MITCHELL, President

Tri-Cities Division

STATE OF TENNESSEE )	
COUNTY OF WASHINGTON )	
W. SPEROPULOS, with whom I am perso satisfactory evidence), and who, upon oath CDP6, a Tennessee general partnership, the	ate and county aforesaid, personally appeared JOHN on ally acquainted (or proved to me on the basis of a acknowledged himself to be a general partner of within named bargainor, a partnership, and that he as g instrument for the purposes therein contained, by elf as general partner.
Witness my hand and seal this	lay of August, 2013.
St. St.	S Public Public

STATE OF TENNESSEE

**COUNTY OF WASHINGTON** 

Before me, MULLIFF and County aforesaid, personally appeared HARVEY L. MITCHELL, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be President, Tri-Cities Division of State of Franklin Bank, a division of Jefferson Federal Bank, the within named bargainor, a corporation, and that he as such President, Tri-Cities Division, being authorized so to do, executed the foregoing instrument for the purpose therein contained, by signing the name of the corporation by himself as President, Tri-Cities Division.

Witness my hand and seal, at office this \_\_\_\_\_ day of August, 2013.

My Commission Expires:
MY COMMISSION EXPIRES
JULY 27, 2016

STATE STATE OF SEE AND ON THE WASHINGTON

# SECOND AMENDMENT TO EXHIBIT C TO MASTER DEED ESTABLISHING HORIZONTAL PROPERTY REGIME FOR

## WATERBROOKE PROFESSIONAL PARK CONDOMINIUMS

## UNIT PRO RATA SHARE OF EXPENSES AND ASSESSMENTS AND PERCENTAGE INTEREST IN COMMON ELEMENTS

Each Owner of a Condominium Unit shall be entitled to the percentage of Ownership in the following Common Elements allocated to the respective Unit Owners as follows:

<u>UNIT</u>	SQUARE FEET	BUILDING PERCENTAGE	OWNERSHIP IN COMMON ELEMENTS
100	2,566	13.88%	13.88%
104	1,200	6.49%	6.49%
106	2,001	10.83%	10.83%
500	3,617	19.57%	19.57%
504	1,145	6.19%	6.19%
508	4,405	24.37%	24.37%
Future	Units <sup>1</sup> 3,450	18.66%	18.66%
Totals:	18,484.00	100.00%	100.00%

AMND9698RC.001-002.doc

<sup>&</sup>lt;sup>1</sup> Future Units refers to the unit designated "Future Units" on plat recorded at Plat Book 19, Page 885.

# Reeves Eye Surgery Center, LLC Profit & Loss

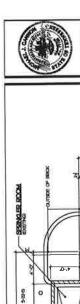
August 2014 through July 2015

	Aug '14 - Jul 15
Ordinary Income/Expense	
Income	
Fee for Service Income Refunds	530,155.50 -3,141.28
Total Income	527,014.22
Gross Profit	527,014.22
Expense	
Credit Card Payments	1,567.00
Uncategorized Expenses	192,57
Lenses	42,727.48
Advertising and Promotion	2,448.10 8,100.24
Amortization Expense Automobile Expense	128.66
Bank Service Charges	7,033.03
Business Licenses and Permits	308.25
Computer and Internet Expenses	7,738.32
Consulting	7,972.96
Contract Labor	81,300.00
Depreciation Expense	162,087.67
Dues and Subscriptions	793.00
Insurance Expense	2,945.15
Interest Expense	5,5 <b>4</b> 5.55 11,888.20
Janitorial Expense Laboratory Fees	150.00
Licenses & Permits	1,657.00
Maintenance Fees	10,881.79
Meals and Entertainment	759.21
Medical Records and Supplies	100,332.48
Office Supplies	2,772.88
Other Expenses	3,148.00
Professional Fees	
Credentialling	4,175.00
Professional Fees - Other	55,084.06
Total Professional Fees	59,259.06
Rent Expense	91,600.00
Repairs and Maintenance	2,855.00
Small Medical Equipment	14,118.53
Taxes Travel Expense	5,648.00
Travel Expense	33.27
Travel Fuel	764.70
Total Travel Expense	797.97
Uniforms	374.71
Utilities	15,089.18
Vaccines and Medicines	34,761.81
Total Expense	686,981.80
Net Ordinary Income	-159,967.58
Other Income/Expense	
Other Expense	
Ask My Accountant	8,478.50
·	9 479 50
Total Other Expense	8,478.50
Net Other Income	-8,478.50
Net Income	-168,446.08



2328 KNOB CREEK ROAD JOHNSON CITY, TN MITCH COX ALC. 30, STE PLAN  $\overline{0}$ WATERBROOKE PROFESSIONAL PARK DATE: AL LOBINO. REVISIONS: ROJECT' NEW OFFICE COMPLEX KNOWN AS: TENNESSEE ONE-CALL SYSTEMS, INC. TANNE CONTRACTOR OF THE PROPERTY OF MICHAEL AND THE PROPERTY OF THE PROPERTY O PARONG RECURED:
| SPACE RES 300 SF...; 31 SPACES
| PARONG SHOWN PARKING SIMMARY: BLIDNG 'E' AREA ..... 9265 SF 3.37± ACRES STE PLAN - BLEDNG 'E' 80AE' NO'-0 pooloog 🐃 HIM DE ESANSON AGEA 8 (II) MAN ENTRANCE TO WATERBROOKE

**B.IV.--Floor Plan** 



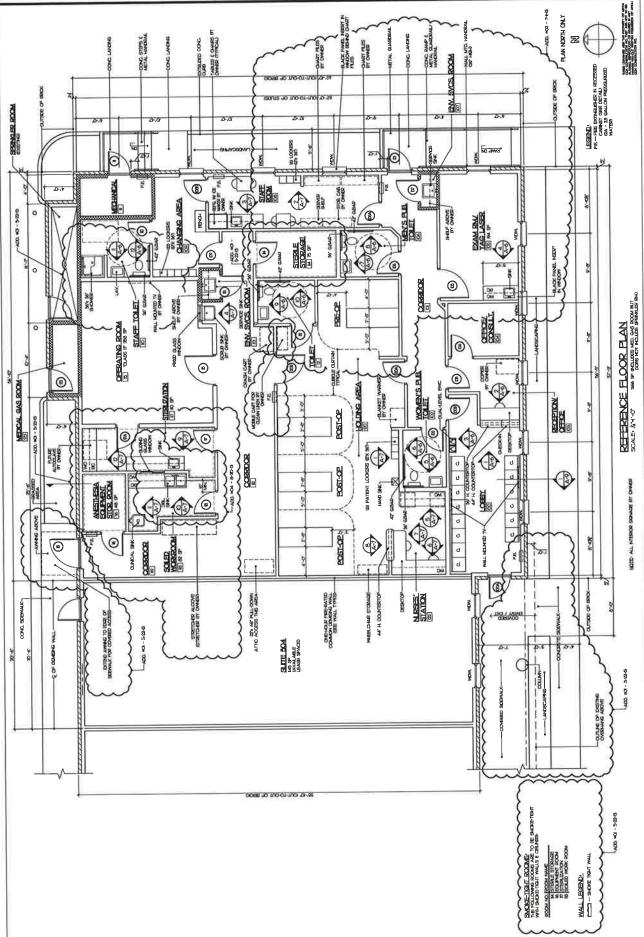






REPERENCE PLOCE PLAN SHEET NUMBER A-I

HEET DESCRAFTIC



C, Need--1.A.3.e. Qualifications Wayne M. Woodbury M.D. 44 Pine Acres Circle Pine Valley, Utah 84781 (912) 596-2341 drwoodbury@gmail.com

## Education

Medical College of Wisconsin Affiliated Hospitals	1989-1993
Residency/Internship	
Physical Medicine and Rehabilitation	
Medical College of Wisconsin Affiliated Hospitals	1989
Doctor of Medicine	
Arizona State University	
B.S. Microbiology	1985
Graduate Magna Cum Laude	
National Honor Society	

## **Work Experience**

Zion Pain Management	
St. George, UT	2013-present
Memorial Health University Hospital Physicians	2010-2013
Center for Advanced Pain Management	2006-2010
Neurological Institute of Savannah	1996-2006
Out Patient Medical Director	1993-1996
Franklin Rehab, Johnson City, TN	
Chief Resident PM&R Training	1992-1993
Psychiatric Officer	1991-1993
Zablocki Veteran's Hospital	
Milwaukee. Wisconsin	

## Licensure

State of Utah	#8397828-8905	2013-current
State of Georgia	#0429787	1996-current
State of Tennessee	#024642	1993-1996
DEA	#BW3367465	4-26-04-current
DEA Narcotic Dependency	#XW3367465	4-26-04-current

**Board Status**Board Certification in Physical Medicine and Rehabilitation with Maintenance of Certification February 2014

## Related Experience/CME

Consultant—Meeting of The Minds—Medtronics Orlando, FL	2000
Course Completion, Narcotic Dependency American Psychiatric A Savannah, GA	Association 2004
Course Completion, Radio Frequency Neuroalblation Phoenix, AZ	2005
4-Day Interventional Pain Management Anatomical Workshop Hilton Head, SC	2007
University of Pennsylvania School of Medicine MEDPAGE Today Briefing Savannah, GA	2007
Rapid-Rheumatoid Arthritis: Primary Care Initiative For Improved Diagnosis and Outcomes Savannah, GA	2007
Strategies for Reducing Low-Density Lipoprotein Cholesterol Savannah, GA	2007
Treatment Regimens for RA, CV, and GI Risks	2007
Family Practice Resident Lecture on Generation, Propagation And central interpretation and modulation of pain	2012

## **Publications and Papers**

"Temperature Monitoring During EMG/NCS of the Median Nerve" Muscle and Nerve 1993

## Languages

English

Spanish

## Memberships/Honors

American Academy of Physical Medicine and Rehabilitation

Southern Society of Physical Medicine and Rehabilitation

Wilderness Medicine

Better Business Bureau

Consumer's Research Counsel of America—Top Physicians 2006

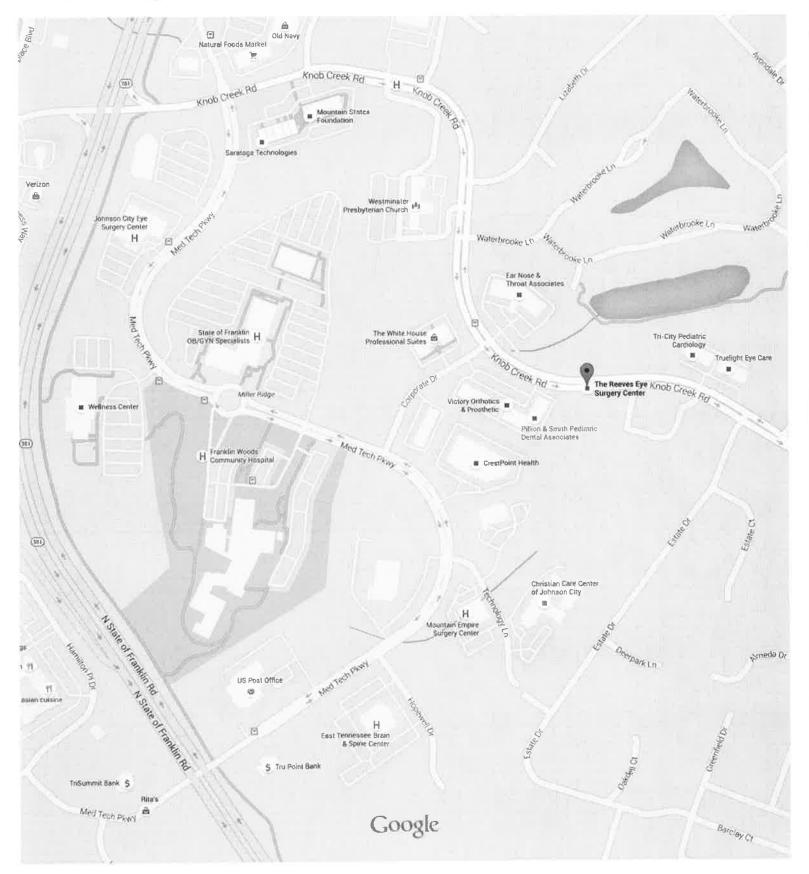
American Medical Association

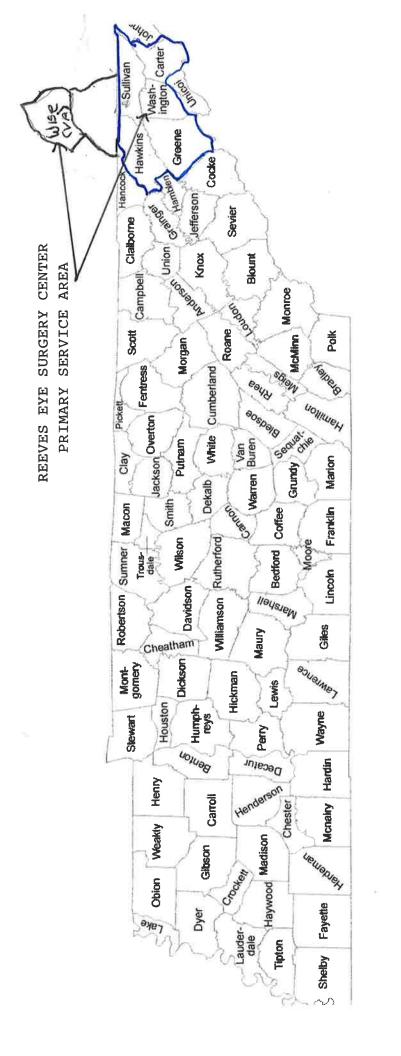
Georgia Medical Association

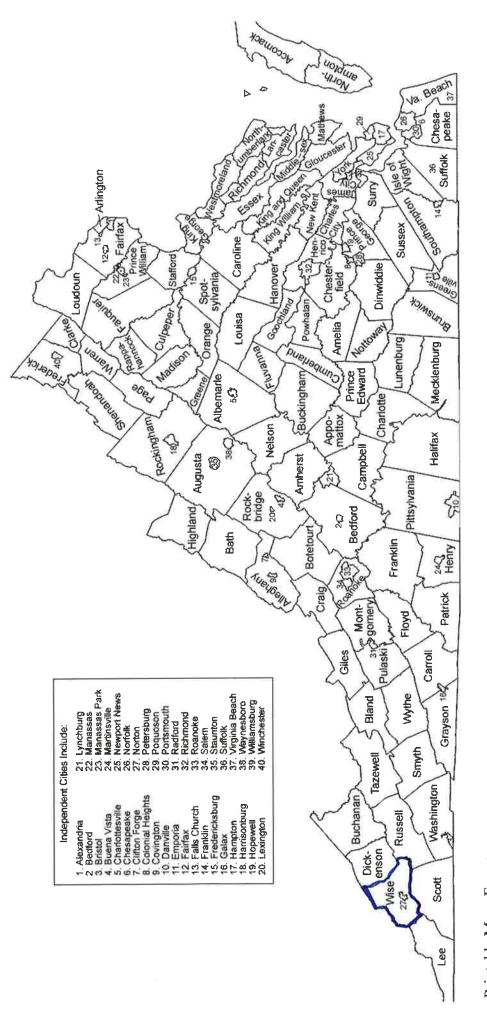
C, Need--3 Service Area Maps



## Google The Reeves Eye Surgery Center







Printable Maps From: terproof Paper.com

# C, Economic Feasibility--2 Documentation of Availability of Funding

October 14, 2015

Melanie Hill, Executive Director Tennessee Health Services and Development Agency Andrew Jackson Building, 9<sup>th</sup> Floor 502 Deaderick Street Nashville, TN 37243

RE: Reeves Surgery Center-- Addition of Pain Management Equipment

Dear Mrs. Hill:

This letter is provide assurance that (name of bank) is familiar with the Reeves Eye Surgery Center's Certificate of Need proposal to add pain management services to its facility in Johnson City.

Upon submittal and approval of a formal financing application, we would expect to be able to provide loan financing for that project. We understand that it would require approximately \$176,000 of funding to complete the Certificate of Need process and to purchase required equipment.

The loan package on this project would of course reflect market conditions at the time of loan approval. Currently we would expect such a loan to carry an interest rate of approximately 3.05%, for a term of 5 years. Attached is an amortization schedule reflecting that estimate.

We look forward to helping with the financing of this project once the CON is approved.

Sincerely,

Michael Hill

SVP/Tri Cities Market Executive

First Citizens Bank 1067 Hamilton Place

Johnson City, TN 37604

First Citizens Bank



## **Loan Amortization Schedule**

#### Scheduled Cash Flows @ Contract Rate

	Total Amount Financed	\$176,000.00
	Contract Rate	3.05%
Loan Information	Amortization (# months)	60
	Maturity (# months)	60
	Aggregate Payment Amount	\$3,166.40

	Total Payments	Interest Payments	Principal Payments
Year 1	\$37,996.82	\$4,907.99	\$33,098.83
Year 2	\$37,996.82	\$3,884.55	\$34,112.27
Year 3	\$37,996.82	\$2,829.46	\$35,167.36
Year 4	\$37,996.82	\$1,741.73	\$36,255.09
Year 5	\$37,996.82	\$620.36	\$37,376.46
Total Yrs 1 - 5	\$189,984.10	\$13,984.10	\$176,000.00

Totals based on	\$189,984.10	\$13,984,10	\$176,000.00
full amortization	\$ 103,304.10	\$13,304.10	\$170,000.00

This analysis is provided for your convenience. The accuracy of the analysis and its applicability to your circumstances is not guaranteed. It is not intended as an advertisement, a disclosure statement under any consumer law, or an offer of tax, legal, financial or investment advice. It is not a guarantee of the availability of any particular loan product or interest rate, or an offer to make a loan. You should evaluate the merits and risks associated with relying on any information provided, and consult your own professional advisors prior to taking any action based upon this information.

	Beginning of Period	Total	Interest	Principal
Month	Principal Balance	Payments	Payments	Payments
1	\$176,000.00	\$3,166.40	\$447.33	\$2,719.0
2	\$173,280.93	\$3,166.40	\$440.42	\$2,725.9
3	\$170,554.95	\$3,166.40	\$433.49	\$2,732.9
4	\$167,822.04	\$3,166.40	\$426.55	\$2,739.8
5	\$165,082.19	\$3,166.40	\$419.58	\$2,746.8
6	\$162,335.37	\$3,166.40	\$412.60	\$4,753.8
7	\$159,581.57	\$3,166.40	\$405.60	\$7,760.8
8	\$156,820.78	\$3,166.40	\$398.59	\$1,767.8
9	\$154,052.96	\$3,166.40	\$391.55	\$2,774.8
10	\$151,278.11	\$3,166.40	\$384.50	\$2,781.9
11	\$148,496.21	\$3,166.40	\$377.43	\$2,788.9
12	\$145,707.23	\$3,166.40	\$370.34	\$2,796.0
13	\$142,911.17	\$3,166.40	\$363.23	\$2,803.1
14	\$140,108.00	\$3,166.40	\$356.11	\$2,810.2
15	\$137,297.71	\$3,166.40	\$348.97	\$2,817.4
16	\$134,480.27	\$3,166.40	\$341.80	\$2,824.6
17	\$131,655.67	\$3,166.40	\$334.62	\$2,831.7
18	\$128,823.90	\$3,166.40	\$327.43	\$2,838.9
19	\$125,984.92	\$3,166.40	\$320.21	\$2,846.1
20	\$123,138.73	\$3,166.40	\$312.98	\$2,853.4

21	\$120,285.31	\$3,166.40	\$305.73	\$2,860.68
22	\$117,424.63	\$3,166.40	\$298.45	\$2,867.95
23	\$114,556.68	\$3,166.40	\$291.16	\$2,875.24
24	\$111,681.45	\$3,166.40	\$283.86	\$2,882.54
25	\$108,798.90	\$3,166.40	\$276.53	\$2,889.87
	\$105,909.03	\$3,166.40	\$269.19	\$2,897.22
26	\$103,011.81	\$3,166.40	\$261.82	\$1,904.58
		\$3,166.40	\$254.44	\$2,911.96
28	\$100,107.23	\$3,166.40	\$247.04	\$2,919.36
29	\$97,195.27		\$239.62	\$2,926.78
30	\$94,275.91	\$3,166.40		\$2,934.22
31	\$91,349.13	\$3,166.40	\$232.18	
32	\$88,414.90	\$3,166.40	\$224.72	\$2,941.68
33	. \$85,473.22	\$3,166.40	\$217.24	\$2,949.16
34	\$82,524.06	\$3,166.40	\$209.75	\$2,956.65
35	\$79,567.41	\$3,166.40	\$202.23	\$2,964.17
36	\$76,603.24	\$3,166.40	\$194.70	\$2,971.70
37	\$73,631.54	\$3,166.40	\$187.15	\$2,979.25
38	\$70,652.29	\$3,166.40	\$179.57	\$2,986.83
39	\$67,665.46	\$3,166.40	\$171.98	\$2,994.42
40	\$64,671.04	\$3,166.40	\$164.37	\$3,002.03
41	\$61,669.01	\$3,166.40	\$156.74	\$3,009.66
42	\$58,659.35	\$3,166.40	\$149.09	\$3,017.31
43	\$55,642.04	\$3,166.40	\$141.42	\$3,024.98
44	\$52,617.07	\$3,166.40	\$133.74	\$3,032.67
45	\$49,584.40	\$3,166.40	\$126.03	\$3,040.37
46	\$46,544.02	\$3,166.40	\$118.30	\$3,048.10
47	\$43,495.92	\$3,166.40	\$110.55	\$3,055.85
48	\$40,440.07	\$3,166.40	\$102.79	\$3,063.62
49	\$37,376.46	\$3,166.40	\$95.00	\$3,071.40
50	\$34,305.05	\$3,166.40	\$87.19	\$3,079.21
51	\$31,225.84	\$3,166.40	\$79.37	\$3,087.04
52	\$28,138.81	\$3,166.40	\$71.52	\$3,094.88
53	\$25,043.93	\$3,166.40	\$63.65	\$3,102.75
54	\$21,941.18	\$3,166.40	\$55.77	\$3,110.63
55	\$18,830.54	\$3,166.40	\$47.86	\$3,118.54
56	\$15,712.00	\$3,166.40	\$39.93	\$3,126.47
57	\$12,585.53	\$3,166.40	\$31.99	\$3,134.41
58	\$9,451.12	\$3,166.40	\$24.02	\$3,142.38
59	\$6,308.74	\$3,166.40	\$16.03	\$3,150.37
60	\$3,158.37	\$3,166.40	\$8.03	\$3,158.37
-	40,100.07	70,100.10		
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C, Economic Feasibility--10 Financial Statements

## Reeves Eye Surgery Center, LLC Balance Sheet

All Transactions

	Sep 16, 15
ASSETS	
Current Assets	
Checking/Savings	22 204 65
SUNTRUST	22,394.65 -44,265.78
Jefferson Federal Bank	6,398.23
TriSummit Money Market Account TriSummitBank	182.54
Total Checking/Savings	-15,290.36
Total Current Assets	-15,290.36
Fixed Assets	
Accumulated Depreciation	-162,087.67
Medical Equipment	156,256.50
Furniture and Equipment	46,378.48
Total Fixed Assets	40,547.31
Other Assets	113,403.40
Start-Up Costs - N/C til 2014	113,403.40
Total Other Assets	
TOTAL ASSETS	138,660.35
LIABILITIES & EQUITY Liabilities Current Liabilities	
Accounts Payable	
Accounts Payable  Accounts Payable	10,123.30
Total Accounts Payable	10,123.30
Credit Cards	
American Express #51005	6,418.25
Chase Marriott Rewards Card	12,963.90
Total Credit Cards	19,382.15
Other Current Liabilities	00,000 50
Due to REI	66,806.58 147,236.64
Line of Credit - Jef Fed 3212	<del></del>
Total Other Current Liabilities	214,043.22
Total Current Liabilities	243,548.67
Total Liabilities	243,548.67
Equity	-27,827.81
Members Draw	206,264.46
Members Equity Net Income	-283,324.97
Total Equity	-104,888.32
	138,660.35
TOTAL LIABILITIES & EQUITY	

## Reeves Eye Surgery Center, LLC Profit & Loss

January through December 2014

REEVES EYE SURGERY CENTER, LLC	Jan - Dec 14
Ordinary Income/Expense	
Income	
Fee for Service Income	287,557.47
Refunds	-2,292.00
Total Income	285,265.47
Gross Profit	285,265.47
Expense	
Advertising and Promotion	678.30
Amortization Expense	8,100.24
Automobile Expense	65.27
Bank Service Charges	2,333.33
Business Licenses and Permits	308.25
Computer and Internet Expenses	9,787,40
Consulting	6,200.00
Continuing Education	1,144.36
Contract Labor	150,837.80
Depreciation Expense	162,087.67
Dues and Subscriptions	903,00
Insurance Expense	2,372.16
Interest Expense	5,783.37
Janitorial Expense	8,130.85
Licenses & Permits	1,469.00
Maintenance Fees	9,172,67
Meals and Entertainment	2,063.20
Medical Records and Supplies	91,586.48
Office Supplies	4,537.08
Other Expenses	3,637.29
Professional Fees	
Credentialling	2,324.09
Professional Fees - Other	37,496.85
Total Professional Fees	39,820.94
Rent Expense	56,949.16
Repairs and Maintenance	2,285.93
Small Medical Equipment	9,482.29
Taxes	5,757.12
Travel Expense	
Travel Fuel	347.32
Travel Expense - Other	789.70
Total Travel Expense	1,137.02
Uniforms	1,384,79
Utilities	12,659.24
Vaccines and Medicines	35,800.45
Total Expense	636,474.66
Net Ordinary Income	-351,209.19
Other Income/Expense	
Other Income	
	1.08
Interest Income	1.08
Total Other Income	1.08
Net Other Income  Let Income	-351,208.11

REEVES EYE SURGERY CENTER, LLC	Jan - Jul 15
Ordinary Income/Expense	
Income	
Fee for Service Income	340,860.79
Refunds	-849.28
Total Income	340,011.51
Gross Profit	340,011.51
Expense	
Credit Card Payments	1,567,00
Uncategorized Expenses	192.57
Lenses	42,727.48
Advertising and Promotion	2,448.10
Automobile Expense	63.39
Bank Service Charges	5,299,17
Computer and Internet Expenses	5,092.19
Consulting	4,872,96
Dues and Subscriptions	210.00
Insurance Expense	1,906.67
Interest Expense	3,205.09
Janitorial Expense	8,804.46
Laboratory Fees	150.00
Licenses & Permits	188.00
Maintenance Fees	7,498.00
Meals and Entertainment	122.06
Medical Records and Supplies	37,229.70
Office Supplies	766.93
Other Expenses	2,868.00
Professional Fees	
Credentialling	4,175.00
Professional Fees - Other	35,866.00
Total Professional Fees	40,041.00
Rent Expense	54,250.00
Repairs and Maintenance	2,010.00
Small Medical Equipment	10,024.73
Travel Expense	
Travel Fuel	33.27
Total Travel Expense	33.27
Utilities	10,219.36
Vaccines and Medicines	22,444.54
Total Expense	264,234.67
•	75,776.84
Net Ordinary Income	70,770.04
Other Income/Expense	
Other Expense	40,408.50
Ask My Accountant	
Total Other Expense	40,408.50
Net Other Income	-40,408.50 <b>35,368.34</b>
ncome	30,300.34

C, Orderly Development--7(C)
Licensing & Accreditation Inspections



## STATE OF TENNESSEE DEPARTMENT OF HEALTH

OFFICE OF HEALTH LICENSURE AND REGULATION
EAST TENNESSEE REGION
5904 LYONS VIEW PIKE, BLDG. 1
KNOXVILLE, TENNESSEE 37919

January 9, 2014

Ms. Darlene Morrell, Administrator Reeves Eye Surgery Center, LLC 2328 Knob Road, Suite 500 Johnson City, TN 37604

Dear Ms. Morrell:

The East Tennessee Regional Office conducted an initial licensure survey at your facility on January 6 and 8, 2014. As a result of this survey, no deficient practice was found.

If you have any questions concerning this letter, please contact the East Tennessee Regional Office at (865) 588-5656 or by fax at (865) 594-5739.

Sincerely,

Karen B. Kirby, R.N.
Regional Administrator

KarlaBkru

East TN Health Care Facilities

KBK:cvb

Division of Health Care Facilities STATEMENT OF DEFICIENCIES (X1) PROVIDER/SUPPLIER/CLIA (X2) MULTIPLE CONSTRUCTION (X3) DATE SURVEY AND PLAN OF CORRECTION IDENTIFICATION NUMBER: COMPLETED A. BUILDING: B. WING TNPL535223 01/08/2014 NAME OF PROVIDER OR SUPPLIER STREET ADDRESS, CITY, STATE, ZIP CODE 2328 KNOB ROAD SUITE 500 REEVES EYE SURGERY CENTER, LLC **JOHNSON CITY, TN 37604** SUMMARY STATEMENT OF DEFICIENCIES (X4) ID PROVIDER'S PLAN OF CORRECTION (X5) COMPLETE DATE (EACH DEFICIENCY MUST BE PRECEDED BY FULL PREFIX PREFIX (EACH CORRECTIVE ACTION SHOULD BE REGULATORY OR LSC IDENTIFYING INFORMATION) TAG TAG CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY) A 002 1200-8-10 No Deficiencies A 002 During the initial licensure survey conducted on January 8, 2014, at Reeves Eye Surgery Center, no deficiencies were cited under chapter 1200-8-10, Standards for Ambulatory Surgery Treatment Centers. Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

(X6) DATE

TITLE

PRINTED: 01/08/2014 **FORM APPROVED** Division of Health Care Facilities STATEMENT OF DEFICIENCIES (X1) PROVIDER/SUPPLIER/CLIA (X2) MULTIPLE CONSTRUCTION (X3) DATE SURVEY AND PLAN OF CORRECTION IDENTIFICATION NUMBER: COMPLETED A. BUILDING: 01 - MAIN B. WING TNPL535223 01/06/2014 NAME OF PROVIDER OR SUPPLIER STREET ADDRESS, CITY, STATE, ZIP CODE 2328 KNOB ROAD SUITE 500 REEVES EYE SURGERY CENTER, LLC **JOHNSON CITY, TN 37604** SUMMARY STATEMENT OF DEFICIENCIES (X4) ID PROVIDER'S PLAN OF CORRECTION (X5) COMPLETE PREFIX (EACH DEFICIENCY MUST BE PRECEDED BY FULL **PREFIX** (EACH CORRECTIVE ACTION SHOULD BE REGULATORY OR LSC IDENTIFYING INFORMATION) TAG TAG CROSS-REFERENCED TO THE APPROPRIATE DATE DEFICIENCY) A 002 1200-8-10 No Deficiencies A 002 During the initial Life Safety portion of the survey conducted on January 6, 2014, no licensure deficiencies were cited under chapter 1200-8-10, Standards for Ambulatory Surgical Treatment Centers.

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE



The Reeves Eye Surgery Center, LLC 2328 Knob Creek Road, Suite 500 Johnson City, TN 37604-2100

**Organization Identification Number: 563580** 

Initial Full Event: 9/10/2014 - 9/11/2014

## **Report Contents**

## **Executive Summary**

## Requirements for Improvement

Observations noted within the Requirements for Improvement (RFI) section require follow up through the Evidence of Standards Compliance (ESC) process. The timeframe assigned for completion is due in either 45 or 60 days, depending upon whether the observation was noted within a direct or indirect impact standard. The identified timeframes of submission for each observation are found within the Requirements for Improvement Summary portion of the final onsite survey report. If a follow-up survey is required, the unannounced visit will focus on the requirements for improvement although other areas, if observed, could still become findings. The time frame for performing the unannounced follow-up visit is dependent on the scope and severity of the issues identified within the Requirements for Improvement.

## **Opportunities for Improvement**

Observations noted within the Opportunities for Improvement (OFI) section of the report represent single instances of non-compliance noted under a C category Element of Performance. Although these observations do not require official follow up through the Evidence of Standards Compliance (ESC) process, they are included to provide your organization with a robust analysis of all instances of non-compliance noted during survey.

## Plan for Improvement

The Plan for Improvement (PFI) items were extracted from your Statement of Conditions™ (SOC) and represent all open and accepted PFIs during this survey. The number of open and accepted PFIs does not impact your accreditation status, and is fully in sync with the self-assessment process of the SOC. The implementation of Interim Life Safety Measures (ILSM) must have been assessed for each PFI. The Projected Completion Date within each PFI replaces the need for an individual ESC (Evidence of Standards Compliance) so the corrective action must be achieved within six months of the Projected Completion Date. Future surveys will review the completed history of these PFIs.

## **Executive Summary**

Program(s)

**Survey Date(s)** 

Ambulatory Health Care Accreditation

09/10/2014-09/11/2014

As a result of the survey conducted on the above date(s), the following survey findings have been identified. Your official report will be posted to your organization's confidential extranet site. It will contain specific follow-up instructions regarding your survey findings.

If you have any questions, please do not hesitate to contact your Account Executive.

Thank you for collaborating with The Joint Commission to improve the safety and quality of care provided to patients.

## Requirements for Improvement – Summary

Observations noted within the Requirements for Improvement (RFI) section require follow up through the Evidence of Standards Compliance (ESC) process. The timeframe assigned for completion is due in either 45 or 60 days, depending upon whether the observation was noted within a direct or indirect impact standard. The identified timeframes of submission for each observation are found within the Requirements for Improvement Summary portion of the final onsite survey report. If a follow-up survey is required, the unannounced visit will focus on the requirements for improvement although other areas, if observed, could still become findings. The time frame for performing the unannounced follow-up visit is dependent on the scope and severity of the issues identified within the Requirements for Improvement.

## **DIRECT Impact Standards:**

Program: Ambulatory Health

Care Accreditation

Program

Standards: MM.01.02.01 EP2

PC.02.01.09 EP3

#### **INDIRECT Impact Standards:**

Program: Ambulatory Health

Care Accreditation

Program

Standards: WT.05.01.01 EP4

## The Joint Commission **Findings**

## Requirements for Improvement - Detail

Chapter:

Medication Management

Program:

Ambulatory Health Care Accreditation

Standard:

MM.01.02.01

Standard Text:

The organization addresses the safe use of look-alike/sound-alike medications.

## Element(s) of Performance:

2. The organization takes action to prevent errors involving the interchange of the medications on its list of look-alike/sound-alike medications. Note: This element of performance is also applicable to sample medications.



Scoring Category: A

Score:

Insufficient Compliance

#### Observation(s):

#### EP 2

Observed in Medical Management Session at The Reeves Eye Surgery Center, LLC (2328 Knob Creek Road, Suite 500, Johnson City, TN) site.

In the PACU medication storage cabinet it was noted that multidose vials of 1% Lidocaine with 1:100,000 epinephrine and 2% Lidocaine with 1:100,000 epinephrine were stored next to each without separation. The vials were identical in size and both contained red tops and red labels.

Chapter:

Provision of Care, Treatment, and Services

Program:

Ambulatory Health Care Accreditation

Standard:

PC.02.01.09

Standard Text:

The organization plans for and responds to life-threatening emergencies.

### Element(s) of Performance:

3. The organization responds to life-threatening emergencies according to its policies and procedures.



Scoring Category: A

Score:

Insufficient Compliance

#### Observation(s):

Observed in Tracer Activities at The Reeves Eye Surgery Center, LLC (2328 Knob Creek Road, Suite 500,

Johnson City, TN) site.

During tracer activity it was noted that the laryngoscope handle was missing from the anesthesia cart in the operating room. This piece of equipment would have been essential to respond to an intraoperative resuscitation event. A backup unit was located outside the operating room in the organization's crash cart. Leadership took immediate corrective action during the course of the tracer activity.

## The Joint Commission Findings

Chapter:

Waived Testing

Program:

**Ambulatory Health Care Accreditation** 

Standard:

WT.05.01.01

Standard Text:

The organization maintains records for waived testing.

## Element(s) of Performance:

4. Individual test results for waived testing are associated with quality control results and instrument records.

Note: A formal log is not required, but a functional audit trail is maintained that allows retrieval of individual test results and their association with quality control and instrument records.

Scoring Category: A

Score:

Insufficient Compliance

### Observation(s):

#### EP 4

Observed in Tracer Activities at The Reeves Eye Surgery Center, LLC (2328 Knob Creek Road, Suite 500, Johnson City, TN) site.

In review of documentation and discussion with leadership it was noted that individual glucose tests results were not associated with quality control results and instrument records.



## Opportunities for Improvement – Summary

Observations noted within the Opportunities for Improvement (OFI) section of the report represent single instances of non-compliance noted under a C category Element of Performance. Although these observations do not require official follow up through the Evidence of Standards Compliance (ESC) process, they are included to provide your organization with a robust analysis of all instances of non-compliance noted during survey.

Program: Ambu

Ambulatory Health Care

Accreditation Program

Standards: MM.03.01.01

EP7

## Opportunities for Improvement - Detail

Chapter:

Medication Management

Program:

**Ambulatory Health Care Accreditation** 

Standard:

MM.03.01.01

Standard Text:

The organization safely stores medications.

Element(s) of Performance:

7. All stored medications and the components used in their preparation are labeled with the contents, expiration date, and any applicable warnings. Note: This element of performance is also applicable to sample medications.



Scoring Category: C

Score:

Satisfactory Compliance

#### Observation(s):

EP7

Observed in Medication Management Tracer at The Reeves Eye Surgery Center, LLC (2328 Knob Creek Road, Suite 500, Johnson City, TN) site.

During tracer activities it was noted that a multi-dose vial of 1% Lidocaine in the PACU medication cabinet was opened but not include an expiration date.

## Plan for Improvement - Summary

The Plan for Improvement (PFI) items were extracted from your Statement of Conditions™ (SOC) and represent all open and accepted PFIs during this survey. The number of open and accepted PFIs does not impact your accreditation status, and is fully in sync with the self-assessment process of the SOC. The implementation of Interim Life Safety Measures (ILSM) must have been assessed for each PFI. The Projected Completion Date within each PFI replaces the need for an individual ESC (Evidence of Standards Compliance) so the corrective action must be achieved within six months of the Projected Completion Date. Future surveys will review the completed history of these PFIs.

Number of PFIs:

0

A full description of your organization's locked PFIs can be found within the Statement of Conditions on your organization's Joint Commission Connect Extranet and will be included in the final report which will be posted to your organization's extranet site.

Miscellaneous Inf	formation	

## PATIENT TRANSFER AGREEMENT

This Patient Transfer Agreement made and entered into on this the day of , 2013, by and between Reeves Eye Surgery Center ("Facility") and MOUNTAIN STATES HEALTH ALLIANCE d/b/a Franklin Woods Community Hospital ("Hospital"), of Johnson City, Tennessee:

#### WITNESSETH:

WHEREAS, Facility and Hospital, respectively, have certain available acute, specialty, long-term, psychiatric and/or other types of medical care, which the other party may not have or may not have available at a certain time; and,

WHEREAS, each party may, from time to time, require such medical care or services which it cannot provide at said time, but which can be provided by the other party, and,

WHEREAS, Hospital and Facility have determined that it would be in the best interest of patient care and would promote the optimum use of facilities to enter into a transfer agreement for the transfer of patients and/or residents, as applicable, requiring certain care which the transferring party cannot provide:

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

- The parties agree to comply with any and all state and federal laws and regulations
  pertaining to the transfer of patients and/or residents, as applicable, from one institution to
  another, including, but not limited to, The Emergency Medical Treatment and Active Labor Act
  ("EMTALA").
- 2. The receiving institution shall accept from the other institution the admission of an individual who meets all criteria consistent with the receiving institution's policies on admissions and on the conditions and terms described herein.
- 3. The need for the transfer of an individual from the transferring institution shall be determined by the patient's primary physician, who shall obtain consent from a licensed physician who is a member of the Medical Staff of the receiving institution, or the appropriate official of any long-term care facility, if applicable, to accept such patient. When such a determination has been made, the transferring institution shall immediately notify the receiving institution of the impending transfer. The receiving institution agrees to admit the patient/resident as promptly as possible providing bed space is available to accommodate the patient/resident, and the receiving institution can provide such care within its capabilities. Prior to moving the individual, the transferring institution must receive confirmation from the receiving institution that it can accept the patient/resident, based on its capabilities, and it has adequate space and qualified personnel to accommodate such transfer.
  - 4. The transferring institution shall have the responsibility of obtaining the

patient's/resident's consent to the transfer to the receiving institution, prior to the transfer, if patient/resident is competent. If patient/resident is not competent, the consent shall be obtained from the appropriate family member or authorized legal representative.

- 5. The transferring institution shall have the responsibility for arranging transportation of the patient/resident to the receiving institution, including selection of the mode of transportation and provide the appropriate practitioner(s) to accompany the patient/resident and shall transfer with the patient/resident all relevant patient data, necessary to continue treatment without interruption, including, but not limited to, a copy of all applicable medical records available at the time of transfer, all informed written consents or certifications required by statute, rule or regulation; any administrative and pertinent identifying information; and the name and address of any on-call physician who has refused or failed to appear within a reasonable time to provide necessary stabilizing treatment to the patient, if applicable. The receiving institution's responsibility for the patient's care shall begin when the patient is formally admitted to that institution as a patient/resident of that institution.
- 6. The transferring institution agrees to receive the patient/resident back from the receiving institution, if requested by the receiving institution, when the patient/resident no longer requires the specialized care and facilities of the receiving institution, and any requirements of patient consent and physician certification has been satisfied.
- 7. All fees incurred with respect to services performed by either FACILITY or Hospital for individuals received from the other institution pursuant to this Transfer Agreement shall be billed and collected directly from the patient/resident, any third party insurer or other payment source by the institution rendering such services. The transportation costs for transferring the individual shall be solely the responsibility of the patient/resident or the institution initiating such transfer.
- 8. Each party shall be responsible for its own actions and omissions with respect to patient care. Nothing in this Agreement shall be construed as creating a relationship of employer/employee or principal/agent, nor any other relationship other than that of independent parties contracting with one another at arm's length.
- 9. Each party shall indemnify the other party against, and shall hold the other party harmless from, any and all claims, actions, suits, proceedings, costs, losses, expenses, damages, and liabilities, including reasonable attorney's fees, resulting from, arising out of, or connected with the indemnifying party's failure to comply with the provisions of this Transfer Agreement, as well as for liability arising solely through the negligence of the indemnifying party, its agents and employees.
- 10. It is expressly understood and agreed by both parties that the availability of beds, specialized care and facilities, and other factors may place limitations on transfers and that this Transfer Agreement is subject to that availability, so that it does not guarantee acceptance of transfers at all times. It is the purpose of this Agreement to facilitate insofar as possible, in accordance with the applicable statutes and regulations, the orderly transfer of patients between the parties' facilities.

- 11. This Transfer Agreement may be modified by mutual written consent of the parties. The term of this agreement shall be one (1) year from the day and date hereinabove written. Thereafter, it shall be automatically extended for successive one-year terms. Either party may cancel this Transfer Agreement at any time upon ninety (90) days prior written notice to the other party.
- 12. This Transfer Agreement shall be automatically terminated if either party's license to operate is revoked, suspended or is placed on probation by any state or federal agency, or if either party fails to maintain accreditation by an approved accrediting organization. It is the intention of the parties to this Agreement to implement all statutes and regulations governing the transfer of patients, including the provisions of 42 U.S.C. 1399dd, and nothing herein shall be construed to the contrary. If any provision of this Transfer Agreement shall be in conflict with any statute or regulation, such provision shall be considered revoked and unenforceable, but the invalidity of such provision shall not affect the remaining provisions.
- 13. This Agreement shall not be considered exclusive in any manner, and either institution is free to contract with any other party for the same or similar services described herein, or for a same or similar relationship as described herein.

IN WITNESS WHEREOF the parties hereto have executed this agreement by affixing the signatures of their duly authorized persons, on this the day and date first above written.

"Hospital"
MOUNTAIN STATES HEALTH ALLIANCE
d/b/a Franklin Woods Community Hospital

"Facility" Reeves Eye Surgery Center

T)_		
Ву		
	Tony Benton	
	Vice President and CEO	

By: Darwe & Morres!

Printed Name: Darkne A. Morres!

Title: administrator) / Clinical Director



S. Public legal RKS Contracts Patient Transfer Patient Transfer Agmit-Reeves Eye-FWCH.doc

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Thank you for your feedback! The new delivers the following improvements: Search by zip code, improved table display, browse more data feature, download data, and more.

## **Carter County, Tennessee**

People QuickFacts	Carter County	Tennessee
Population, 2014 estimate	56,886	6,549,352
Population, 2010 (April 1) estimates base	57,424	6,346,275
Population, percent change - April 1, 2010 to July 1, 2014	-0.9%	3.2%
Population, 2010	57,424	6,346,105
Persons under 5 years, percent, 2014	4.9%	6.1%
Persons under 18 years, percent, 2014	19.1%	22.8%
Persons 65 years and over, percent, 2014	19.7%	15.1%
Female persons, percent, 2014	51.0%	51.3%
White alone, percent, 2014 (a)	96.6%	78.9%
Black or African American alone, percent, 2014 (a)	1.6%	17.1%
American Indian and Alaska Native alone, percent, 2014 (a)	0.3%	0.4%
Asian alone, percent, 2014 (a)	0.4%	1.7%
Native Hawaiian and Other Pacific Islander alone, percent, 2014 (a)	Z	0.1%
Two or More Races, percent, 2014	1.2%	1.7%
Hispanic or Latino, percent, 2014 (b)	1.7%	5.0%
White alone, not Hispanic or Latino, percent, 2014	95.1%	74.6%
Living in same house 1 year & over, percent, 2009-2013	87.0%	84.6%
Foreign born persons, percent, 2009-2013	1.0%	4.6%
Language other than English spoken at home, pct age 5+, 2009-2013	2.1%	6.6%
High school graduate or higher, percent of persons age 25+, 2009-2013	79.8%	84.4%
Bachelor's degree or higher, percent of persons age 25+, 2009-2013	15.8%	23.8%
Veterans, 2009-2013	5,144	484,901
Mean travel time to work (minutes), workers age 16+, 2009-2013	22.8	24.3
Housing units, 2014	27,836	2,869,323
Homeownership rate, 2009-2013	72.3%	67.8%
Housing units in multi-unit structures, percent, 2009-2013	13.6%	18.3%
Median value of owner-occupied housing units, 2009-2013	\$101,100	\$139,200
Households, 2009-2013	24,079	2,475,195
Persons per household, 2009-2013	2,32	2.52
Per capita money income in past 12 months (2013 dollars), 2009-2013	\$19,018	\$24,409
Median household income, 2009-2013	\$31,842	\$44,298
Persons below poverty level, percent, 2009-2013	22.9%	17.6%
Business QuickFacts	Carter County	Tennessee
Private nonfarm establishments, 2013	686	130,819 <sup>1</sup>
Private nonfarm employment, 2013	8,547	2,394,068 <sup>1</sup>
Private nonfarm employment, percent change, 2012-2013	-2.6%	2.1%1
Nonemployer establishments, 2013	3,246	470,330
Total number of firms, 2007	3,938	545,348
Black-owned firms, percent, 2007	S	8.4%
American Indian- and Alaska Native-owned firms, percent, 2007	F	0.5%
Asian-owned firms, percent, 2007	S	2.0%
Native Hawaiian and Other Pacific Islander-owned firms, percent, 2007	F	0.1%
Hispanic-owned firms, percent, 2007	S	1_6%
Women-owned firms, percent, 2007	16.2%	25,9%
Manufacturers shipments, 2007 (\$1000)	296,682	140,447,760
Merchant wholesaler sales, 2007 (\$1000)	34,983	80,116,528
Retail sales, 2007 (\$1000)	461,274 \$7,826	77,547,291 \$12,563
Retail sales per capita, 2007		
Accommodation and food services sales, 2007 (\$1000)	41,911	10,626,759
Building permits, 2014		27,632
Geography QuickFacts	Carter County	Tennessee
Land area in square miles, 2010	341,20	41,234.90
Persons per square mile, 2010	168.3	153.9
FIPS Code	019	47

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State & County QuickFacts

Thank you for your feedback! The new delivers the following improvements: Search by zip code, improved table display, browse more data feature, download data, and more.

## Sullivan County, Tennessee

People QuickFacts	Sullivan County	Tennessee
Population, 2014 estimate	157,047	6,549,352
Population, 2010 (April 1) estimates base	156,823	6,346,275
Population, percent change - April 1, 2010 to July 1, 2014	0.1%	3.2%
Population, 2010	156,823	6,346,105
Persons under 5 years, percent, 2014	5.0%	6.1%
Persons under 18 years, percent, 2014	19.9%	22.8%
Persons 65 years and over, percent, 2014	20.3%	15.1%
Female persons, percent, 2014	51.6%	51,3%
White alone, percent, 2014 (a)	95.1%	78,9%
Black or African American alone, percent, 2014 (a)	2,4%	17.1%
American Indian and Alaska Native alone, percent, 2014 (a)	0.4%	0.4%
Asian alone, percent, 2014 (a)	0.7%	1.7%
Native Hawaiian and Other Pacific Islander alone, percent, 2014 (a)	Z	0.1%
Two or More Races, percent, 2014	1.4%	1.7%
Hispanic or Latino, percent, 2014 (b)	1.7%	5.0%
White alone, not Hispanic or Latino, percent, 2014	93.7%	74.6%
Living in same house 1 year & over, percent, 2009-2013	85.7%	84.6%
Foreign born persons, percent, 2009-2013	1.5%	4.6%
Language other than English spoken at home, pct age 5+, 2009-2013	2.9%	6.6%
High school graduate or higher, percent of persons age 25+, 2009-2013	84.1%	84.4%
Bachelor's degree or higher, percent of persons age 25+, 2009-2013	20.5%	23.8%
Veterans, 2009-2013	14,321	484,901
Mean travel time to work (minutes), workers age 16+, 2009-2013	21.7	24.3
Housing units, 2014	74,115	2,869,323
Homeownership rate, 2009-2013	74.1%	67.8%
Housing units in multi-unit structures, percent, 2009-2013	14.1%	18.3%
Median value of owner-occupied housing units, 2009-2013	\$121,700	\$139,200
Households, 2009-2013	66,239	2,475,195
Persons per household, 2009-2013	2.32	2.52
Per capita money income in past 12 months (2013 dollars), 2009-2013	\$23,850	\$24,409
Median household income, 2009-2013	¥39,479	\$44,298
Persons below poverty level, percent, 2009-2013	18.3%	17.6%
Business QuickFacts	Sullivan County	Tennessee
Private nonfarm establishments, 2013	3,298	130,819 <sup>1</sup>
	65,497	2,394,0681
Private nonfarm employment, 2013		
Private nonfarm employment, percent change, 2012-2013	-0.2%	2.1%1
Nonemployer establishments, 2013	9,395	470,330
Total number of firms, 2007	12,859	545,348
Black-owned firms, percent, 2007	S	8.4%
American Indian- and Alaska Native-owned firms, percent, 2007	0.3%	0.5%
Asian-owned firms, percent, 2007	S	2.0%
Native Hawaiian and Other Pacific Islander-owned firms, percent, 2007	F	0.1%
Hispanic-owned firms, percent, 2007	0.8%	1.6%
Women-owned firms, percent, 2007	23.0%	25.9%
Manufacturers shipments, 2007 (\$1000)	5,463,624	140,447,760
Merchant wholesaler sales, 2007 (\$1000)	1,055,317	80,116,528
	2,026,276	77,547,291
Retail sales, 2007 (\$1000) Retail sales per capita, 2007	\$13,200	\$12,563
Accommodation and food services sales, 2007 (\$1000)	255,074	10,626,759
	249	27,632
Building permits, 2014	Sullivan County	Tennessee
Geography QuickFacts	413.36	41,234.90
Land area in square miles, 2010	379.4	153.9
Persons per square mile, 2010	163	47
FIPS Code	103	

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Thank you for your feedback! The new delivers the following improvements: Search by zip code, improved table display, browse more data feature, download data, and more.

# Washington County, Tennessee

People QuickFacts	Washington County	Tennessee
Population, 2014 estimate	126,242	6,549,352
Population, 2010 (April 1) estimates base	122,979	6,346,275
Population, percent change - April 1, 2010 to July 1, 2014	2.7%	3.2%
Population, 2010	122,979	6,346,105
Persons under 5 years, percent, 2014	5.2%	6.1%
Persons under 18 years, percent, 2014	19.8%	22.8%
Persons 65 years and over, percent, 2014	16.9%	15.1%
Female persons, percent, 2014	51.1%	51.3%
White alone, percent, 2014 (a)	92.1%	78.9%
Black or African American alone, percent, 2014 (a)	4,3%	17.1%
American Indian and Alaska Native alone, percent, 2014 (a)	0.4%	0.4%
Asian alone, percent, 2014 (a)	1.4%	1.7%
Native Hawaiian and Other Pacific Islander alone, percent, 2014 (a)	0.1%	0.1%
Two or More Races, percent, 2014	1.8%	1,7%
Hispanic or Latino, percent, 2014 (b)	3.3%	5,0%
White alone, not Hispanic or Latino, percent, 2014	89.4%	74.6%
Living in same house 1 year & over, percent, 2009-2013	83.8%	84.6%
Foreign born persons, percent, 2009-2013	3.2%	4.6%
Language other than English spoken at home, pct age 5+, 2009-2013	4.3%	6.6%
High school graduate or higher, percent of persons age 25+, 2009-2013	86.5%	84.4%
	29.3%	23.8%
Bachelor's degree or higher, percent of persons age 25+, 2009-2013	11,882	484,901
Veterans, 2009-2013	20.9	24.3
Mean travel time to work (minutes), workers age 16+, 2009-2013	58,889	2,869,323
Housing units, 2014	66.1%	67.8%
Homeownership rate, 2009-2013	23.2%	18.3%
Housing units in multi-unit structures, percent, 2009-2013	\$145,300	\$139,200
Median value of owner-occupied housing units, 2009-2013	51,771	2,475,195
Households, 2009-2013	2.30	2,475,195
Persons per household, 2009-2013		\$24,409
Per capita money income in past 12 months (2013 dollars), 2009-2013	\$25,355	\$44,298
Median household income, 2009-2013	\$42,075	17.6%
Persons below poverty level, percent, 2009-2013		
Business QuickFacts	Washington County	Tennessee
Private nonfarm establishments, 2013	2,783	130,819 <sup>1</sup>
Private nonfarm employment, 2013	50,828	2,394,068 <sup>1</sup>
Private nonfarm employment, percent change, 2012-2013	-0.4%	2.1%
Nonemployer establishments, 2013	7,661	470,330
Total number of firms, 2007	10,153	545,348
Black-owned firms, percent, 2007	2.0%	8.4%
American Indian- and Alaska Native-owned firms, percent, 2007	F	0.5%
Asian-owned firms, percent, 2007	S	2.0%
Native Hawaiian and Other Pacific Islander-owned firms, percent, 2007	F	0.1%
	1.0%	1.6%
Hispanic-owned firms, percent, 2007	21.7%	25.9%
Women-owned firms, percent, 2007	21.77	
Manufacturers shipments, 2007 (\$1000)	1,577,657	140,447,760
Merchant wholesaler sales, 2007 (\$1000)	1,090,845	80,116,528
Retail sales, 2007 (\$1000)	1,869,147	77,547,291
Retail sales per capita, 2007	\$16,014	\$12,563
Accommodation and food services sales, 2007 (\$1000)	247,065	10,626,759
Building permits, 2014	654	27,632
Geography QuickFacts	Washington County	Tennessee
Land area in square miles, 2010	326.47	41,234.90
Persons per square mile, 2010	376.7	153.9
relaula pel addale IIIIe, 2010	2.0	

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State & County QuickFacts

Thank you for your feedback! The new delivers the following improvements: Search by zip code, improved table display, browse more data feature, download data, and more.

# **Hawkins County, Tennessee**

People QuickFacts	Hawkins County	Tennessee
Population, 2014 estimate	56,735	6,549,352
Population, 2010 (April 1) estimates base	56,836	6,346,275
Population, percent change - April 1, 2010 to July 1, 2014	-0.2%	3.2%
Population, 2010	56,833	6,346,105
Persons under 5 years, percent, 2014	5.1%	6.1%
Persons under 18 years, percent, 2014	21.1%	22.8%
Persons 65 years and over, percent, 2014	19.2%	15.1%
Female persons, percent, 2014	50.9%	51,3%
White alone, percent, 2014 (a)	96.5%	78,9%
Black or African American alone, percent, 2014 (a)	1.5%	17.1%
American Indian and Alaska Native alone, percent, 2014 (a)	0.3%	0.4%
Asian alone, percent, 2014 (a)	0.5%	1.7%
Native Hawaiian and Other Pacific Islander alone, percent, 2014 (a)	Z	0.1%
Two or More Races, percent, 2014	1.2%	1.7%
Hispanic or Latino, percent, 2014 (b)	1.4%	5.0%
White alone, not Hispanic or Latino, percent, 2014	95.3%	74.6%
Living in same house 1 year & over, percent, 2009-2013	88.4%	84.6%
Foreign born persons, percent, 2009-2013	0.9%	4.6%
Language other than English spoken at home, pct age 5+, 2009-2013	1.5%	6.6%
High school graduate or higher, percent of persons age 25+, 2009-2013	81.1%	84.4%
Bachelor's degree or higher, percent of persons age 25+, 2009-2013	12.7%	23.8%
Veterans, 2009-2013	5,150	484,901
Mean travel time to work (minutes), workers age 16+, 2009-2013	24.7	24.3
Housing units, 2014	26,839	2,869,323
Homeownership rate, 2009-2013	76.9%	67,8%
Housing units in multi-unit structures, percent, 2009-2013	9.2%	18.3%
Median value of owner-occupied housing units, 2009-2013	\$108,900	\$139,200
Households, 2009-2013	23,348	2,475,195
Persons per household, 2009-2013	2,41	2.52
Per capita money income in past 12 months (2013 dollars), 2009-2013	\$20,662	\$24,409
Median household income, 2009-2013	\$37,357	\$44,298
Persons below poverty level, percent, 2009-2013	16.2%	17.6%
Business QuickFacts	Hawkins County	Tennessee
Private nonfarm establishments, 2013	590	130,819 <sup>1</sup>
Private nonfarm employment, 2013	9,342	2,394,0681
	3.0%	2.1%1
Private nonfarm employment, percent change, 2012-2013	2,956	470,330
Nonemployer establishments, 2013	3,486	545,348
Total number of firms, 2007	5,460 S	8.4%
Black-owned firms, percent, 2007	F	0.5%
American Indian- and Alaska Native-owned firms, percent, 2007	F	2.0%
Asian-owned firms, percent, 2007		0.1%
Native Hawaiian and Other Pacific Islander-owned firms, percent, 2007	s	1.6%
Hispanic-owned firms, percent, 2007		
Women-owned firms, percent, 2007	24.5%	25.9%
Manufacturers shipments, 2007 (\$1000)	1,148,701	140,447,760
Merchant wholesaler sales, 2007 (\$1000)	D	80,116,528
Retail sales, 2007 (\$1000)	286,874	77,547,291
Retail sales per capita, 2007	\$5,031	\$12,563
Accommodation and food services sales, 2007 (\$1000)	31,738	10,626,759
Building permits, 2014	11	27,632
Geography QuickFacts	Hawkins County	Tennessee
Land area in square miles, 2010	486.98	41,234.90
Persons per square mile, 2010	116.7	153.9
FIPS Code	073	47

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State & County QuickFacts

Thank you for your feedback! The new delivers the following improvements: Search by zip code, improved table display, browse more data feature, download data, and more,

# **Greene County, Tennessee**

People QuickFacts	Greene County	Tennessee
Population, 2014 estimate	68,335	6,549,352
Population, 2010 (April 1) estimates base	68,831	6,346,275
Population, percent change - April 1, 2010 to July 1, 2014	-0.7%	3.2%
Population, 2010	68,831	6,346,105
Persons under 5 years, percent, 2014	4.7%	6.1%
Persons under 18 years, percent, 2014	20.0%	22.8%
Persons 65 years and over, percent, 2014	20.0%	15.1%
Female persons, percent, 2014	50.9%	51.3%
White alone, percent, 2014 (a)	95,7%	78.9%
Black or African American alone, percent, 2014 (a)	2.2%	17_1%
American Indian and Alaska Native alone, percent, 2014 (a)	0.3%	0.4%
Asian alone, percent, 2014 (a)	0.5%	1.7%
Native Hawaiian and Other Pacific Islander alone, percent, 2014 (a)	O_1%	0.1%
Two or More Races, percent, 2014	1.1%	1.7%
Hispanic or Latino, percent, 2014 (b)	2.8%	5.0%
White alone, not Hispanic or Latino, percent, 2014	93.2%	74.6%
Living in same house 1 year & over, percent, 2009-2013	87.7%	84,6%
Foreign born persons, percent, 2009-2013	1.9%	4.6%
Language other than English spoken at home, pct age 5+, 2009-2013	3.2%	6.6%
High school graduate or higher, percent of persons age 25+, 2009-2013	80.0%	84.4%
Bachelor's degree or higher, percent of persons age 25+, 2009-2013	15.5%	23.8%
Veterans, 2009-2013	5,888	484,901
Mean travel time to work (minutes), workers age 16+, 2009-2013	23.4	24.3
Housing units, 2014	32,162	2,869,323
Homeownership rate, 2009-2013	72.7%	67.8%
Housing units in multi-unit structures, percent, 2009-2013	6.9%	18.3%
Median value of owner-occupied housing units, 2009-2013	\$110,800	\$139,200
Households, 2009-2013	28,677	2,475,195
Persons per household, 2009-2013	2.33	2.52
Per capita money income in past 12 months (2013 dollars), 2009-2013	\$19,801	\$24,409
Median household income, 2009-2013	\$35,545	\$44,298
Persons below poverty level, percent, 2009-2013	22.0%	17.6%
Business QuickFacts	Greene County	Tennessee
Private nonfarm establishments, 2013	1,096	130,819 <sup>1</sup>
Private nonfarm employment, 2013	21,597	2,394,0681
Private nonfarm employment, percent change, 2012-2013	3.3%	2.1% <sup>1</sup>
	4,027	470,330
Nonemployer establishments, 2013	5,936	545,348
Total number of firms, 2007	5,550 S	8.4%
Black-owned firms, percent, 2007	F	0.5%
American Indian- and Alaska Native-owned firms, percent, 2007	0.7%	2.0%
Asian-owned firms, percent, 2007	6.7%	0.1%
Native Hawaiian and Other Pacific Islander-owned firms, percent, 2007	0.4%	1.6%
Hispanic-owned firms, percent, 2007	23.4%	25.9%
Women-owned firms, percent, 2007	23.470	25,970
Manufacturers shipments, 2007 (\$1000)	1,813,963	140,447,760
Merchant wholesaler sales, 2007 (\$1000)	D	80,116,528
Retail sales, 2007 (\$1000)	681,959	77,547,291
Retail sales per capita, 2007	\$10,355	\$12,563
Accommodation and food services sales, 2007 (\$1000)	61,990	10,626,759
Building permits, 2014	94	27,632
Geography QuickFacts	Greene County	Tennessee
Land area in square miles, 2010	622.17	41,234.90
Persons per square mile, 2010	110.6	153.9
FIPS Code	059	47

# TennCare Enrollment Report for August 2015

MCO	REGION	Total
AMERIGROUP COMMUNITY CARE		408,081
BLUECARE	East Tennessee	194,781
BLUECARE	Middle Tennessee	157,742
BLUECARE	West Tennessee	149,062
UnitedHealthcare Community Plan	East Tennessee	169,131
UnitedHealthcare Community Plan	Middle Tennessee	164,970
UnitedHealthcare Community Plan	West Tennessee	139,802
TENNCARE SELECT HIGH	All	50,631
TENNCARE SELECT LOW	All	13,138
PACE		279
Awaiting MCO assignment		40
Grand Total		1,447,657

		Female			Female	2000	W	Male		1	
COUNTY	0-18	19-20	21-64	18	Total	0 - 18	19-20	21	^-99		Male Total Grand Total
NOFESON	4.197	100	4.243	613	9,403	4.374	298	2,013	266	6,951	16,354
REDECISIO	3.740	278	2.973	235		3,938	206	1,230	119	5,493	12,719
SENTON	1013	98	1.084	150		1.039	88				4,098
N FDSOF	782	83	801	116			70	458	29		3,25
BI DUNT	5.936	515	5.891	999	13,008		378			0,	
3RADI EY	5.841	207	5,813	680		6,164	363	2,515			
AMPREIL	2,879	323	3.698	999	7,565	3,065	215			5,672	13,237
ANNON	743	68	796	130		790	70				3,019
ARROLL	1.797	172	2.124	322	4,415	1,985	163	1,064			
ARTER	3.159	305	3,447	728			227	-			1
HEATHAM	1.957	184	1,885	159		2.075	154	865			
HESTER	1.046	91	1,022	147		1,075	68			1,638	3,94
1 AIBORNE	2.053	217	2,457	554			177				9,35
J AY	545	42	541	116			35			1,010	2,25
COCKE	2.765	256	3,052	459			184	-			11,50
COEFFE	3.592	331	3,485	386		3,651	233				13,38
SROCKETT	1,090	84	953	204	2,331		67			1,655	3,986
CUMBERLAND	3,228	287	3,199	499			244				
NOSON	41,991	2,723	35,764	3,377	83,855	43,270	2,206		,	ű	145,479
DECATUR	641	75	723	192		735	48			1,248	
JEKAI B	1.352	119	1,311	202		7	88				5,298
NOSYCIC	2.898	249	2,892	303	6,342	3,103	215			4,676	11,01
VER	2.638	295	2,900	428		2,795	239	-	156		10,71
FAYETTE	1,824	155	1.744	303			111	752			6,958
FENTRESS	1.344	141	1,512	361	3,358	1,456	121		188		
DANK! IN	1 085	183	2 073	271	4 492	2,106			111	3,327	7.819

1 Grand Total
13.238
6.279
5.6279
6.2360
7,107
7,107
7,107
7,168
8,112
6,295
6,295
12,359
12,359
12,359
4,492 2,961 7,574 6,820 24,557 7,090 6,586 6,586 1,22 7,744 3,160 1,196 1,195 Male Total | 1,5604 | 2,642 | 2,642 | 2,642 | 2,642 | 2,144 | 6,710 | 2,7797 | 1,030 | 3,098 | 3,098 | 5,861 | 2,410 | 2,410 | 2,410 | 3,000 | 3,490 | 2,831 | 871 | 1,241 | 1,241 | 1,241 | 1,241 | 1,241 | 1,241 | 1,241 | 1,241 | 1,362 | 2,924 | 4,484 | 4,484 | 1,362 | 2,924 | 2,313 | 3,230 | 2,320 | 2,320 | 1,362 | 2,331 | 3,338 | 1,362 | 2,313 | 3,338 | 1,362 | 2,313 | 3,338 | 1,362 | 2,313 | 3,338 | 1,362 | 2,313 | 3,338 | 1,362 | 2,313 | 3,338 | 1,362 | 2,313 | 3,338 | 1,362 | 2,313 | 3,338 | 1,362 | 2,313 | 3,338 | 1,362 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 2,313 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3,334 | 3 21-64 1,579 2,019 3,56 8,721 1,601 1,444 3,165 1,546 1,546 1,642 1,644 1,546 1,644 1 19.20 259 1.080 1. 0 - 18 3.497 1.456 1.456 1.759 1.784 1.784 1.789 1.789 1.789 1.350 Total 2000 Female 19 - 20 1,597 1,597 1,597 1,598 0-18 LAUDERDALE
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HARDEMAN
HARDIN
HAWKINS
HAWKI PERRY PICKETT POLK PUTNAM

		Female			Female		Male	9				
COUNTY	0-18	19-20	21-64	198	Total	0 - 18	19-20	21 - 64	4 59	Male Total	Male Total Grand Total	_
SCOTT	1,891	183	2,091	387	4,552	2,008	143	1,128	193	3,472	8,024	
SEQUATCHIE	1,017	83	1,039	147	2,286	1,041	10/	528	49	1,719		
SEVIER	5,549	448	4,869	454	11,320	5,979	349	2,020	162	8,510		
SHELBY	75.481	5,927	68,825	6.815	157,048	77,064	5,255	22,637	2,893	107,849	264,897	_
SMITH	1.086	109	1,115	163	2,473	1,104	76	516	61	1,757	4,230	
STEWART	738	72	797	111	1,718	790	92	395	53	1,303		_
SULLIVAN	7,935	707	8,973	1,299	18,914	8,442	584	4,452	565	14,043		7
SUMNER	7,912	647	7,400		16,749	8,306	518	2,906	312	12,042		_
NOTALL	3.675	350	3,505		7,898	3,844	294	1,362	128	5,628	13,526	-
TROUSDAL E	218	70	491	73	1,152	200	40	244	34	818	1,970	
INICOI	941	86	1,041	256	2,336	1,051	80	496	119	1,746	4,082	100
NOINION	1,375	128	1,252	156	2,911	1,317	102	692	87	2,198	5,10	-
VAN BUREN	327	31	333	61	752	357	28	187	49	621	1,37	-
WARREN	2.872	225	2.818	430	6,345	3,002	194	1,335		4,722		-
WASHINGTON	5.756	491	6,531	954	13,732	5,961	379	3,039	430	608'6	23,54	7
WAYNE	832	73	898	166	1,939	865	83	433	72	1,453	3,392	
WEAKLEY	1,815	176	2,041	310	4,342	1,899	154	362	111	3,126	7,468	-
WHITE	1.759	163	1,801	300	4,023	1,869	122	993	122	3,106	7,129	_
WILLIAMSON	3.294	249	2,694	366	6,603	3,467	241	1,083	152	4,943	11,54	(6)
MILSON	5.037	383	4,732	469	10,621	5,234	300	1,859	192	7,585	18,206	10
Other	3,161	267	3,320	133	6,881	3,360	207	1,288	78	4,933	11,81	-
Grand Total	385812	31795	374471	47256	839334	402064	25996	159327	20936	608323	1,447,657	-

Reports include some membership additions that are the result of retroactivity, however, additional retroactivity may still occur. The "Other" county category reflects recipients who are Tennessee residents for which their domicile is temporarily located outside of the state.

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# State of Tennessee Health Services and Development Agency

Andrew Jackson, 9<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243 www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

November 2, 2015

John Wellborn 4219 Hillsboro Road, Suite 210 Nashville, TN 37215

RE: Certificate of Need Application -- Reeves Eye Surgery Center - CN1510-046

For the addition of pain management procedures of the Reeves Eye Surgery Center located at Suite 500 2328

Knob Creek Road in Johnson City (Washington County), Tennessee, a single specialty ambulatory surgical treatment center limited to ophthalmology approved in CN1209-045A. As part of the project, the applicant proposes to expand its medical staff by granting surgical services only to Board-certified physicians qualified

to perform pain management procedures not requiring general anesthesia. The project does not involve the

addition of surgical rooms at the ASTC. The estimated project cost is \$175,881.

# Dear Mr. Wellborn:

This is to acknowledge the receipt of supplemental information to your application for a Certificate of Need. Please be advised that your application is now considered to be complete by this office.

Your application is being forwarded to Trent Sansing at the Tennessee Department of Health for Certificate of Need review by the Division of Policy, Planning and Assessment. You may be contacted by Mr. Sansing or someone from his office for additional clarification while the application is under review by the Department. Mr. Sansing's contact information is <a href="mailto:Trent.Sansing@tn.gov">Trent.Sansing@tn.gov</a> or 615-253-4702.

In accordance with Tennessee Code Annotated, §68-11-1601, et seq., as amended by Public Chapter 780, the 60-day review cycle for this project will begin on November 2, 2015. The first sixty (60) days of the cycle are assigned to the Department of Health, during which time a public hearing may be held on your application. You will be contacted by a representative from this Agency to establish the date, time and place of the hearing should one be requested. At the end of the sixty (60) day period, a written report from the Department of Health or its representative will be forwarded to this office for Agency review within the thirty (30)-day period immediately following. You will receive a copy of their findings. The Health Services and Development Agency will review your application on January 27, 2016.

Mr. Wellborn November 2, 2015 Page 2

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have questions or require additional information, please contact me.

Sincerely,

cc:

Melanie M. Hill Executive Director

It Is Murale M

Trent Sansing, TDH/Health Statistics, PPA



# State of Tennessee Health Services and Development Agency

Andrew Jackson, 9<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243 www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

# **MEMORANDUM**

TO:

Trent Sansing, CON Director

Office of Policy, Planning and Assessment

Division of Health Statistics

Andrew Johnson Tower, 2nd Floor 710 James Robertson Parkway Nashville, Tennessee 37243

FROM:

Melanie M. Hill

**Executive Director** 

DATE:

November 2, 2015

RE:

Certificate of Need Application

Reeves Eye Surgery Center - CN1510-046

Please find enclosed an application for a Certificate of Need for the above-referenced project.

This application has undergone initial review by this office and has been deemed complete. It is being forwarded to your agency for a sixty (60) day review period to begin on November 2, 2015 and end on January 1, 2016.

Should there be any questions regarding this application or the review cycle, please contact this office.

Enclosure

cc:

John Wellborn

# LETTER OF INTENT -- HEALTH SERVICES & DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Johnson City Press, which is a newspaper of general circulation in Washington County, Tennessee, on or before Saturday, October 10, 2015, for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. Sections 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Reeves Eye Surgery Center (an ambulatory surgical treatment center), owned and managed by Reeves Eye Surgery Center, LLC (a limited liability company), intends to file an application for a Certificate of Need to initiate pain management surgical services in its existing facility at 2328 Knob Creek Road, Suite 500, Johnson City, Tennessee 37604, at a project cost estimated at \$176,000.

The applicant facility is licensed by the Board for Licensing Health Care Facilities, Tennessee Department of Health, as a single-specialty ambulatory surgical treatment center limited to ophthalmology. It has one (1) operating room and one (1) laser procedure room. The project does not require construction, does not add surgical room capacity, and does not contain major medical equipment or initiate or discontinue any health service other than pain management.

The anticipated date of filing the application is on or before October 15, 2015. The contact person for the project is John Wellborn, who may be reached at Development Support Group, 4219 Hillsboro Road, Suite 210, Nashville, TN 37215; (615) 665-2022.

The anticipated date of filing the application is on or before October 10, 2015. The contact person for the project is John Wellborn, who may be reached at Development Support Group, 4219 Hillsboro Road, Suite 210, Nashville, TN 37215; (615) 665-2022.

(Signature) (Date)

jwdsg@comcast.net (E-mail Address)

# Supplemental #1 -ORIGINAL-

Reeves Eye Surgery CN1510-046

October 28, 2015 2:20 pm

# DSG Development Support Group

October 27, 2015

Jeff Grimm, HSD Examiner Tennessee Health Services and Development Agency Andrew Jackson Building, 9<sup>th</sup> Floor 502 Deaderick Street Nashville, TN 37243

RE:

CON Application #1510-046 Reeves Eye Surgery Center

Dear Mr. Grimm:

This letter responds to your recent request for additional information on this application. The items below are numbered to correspond to your questions. They are provided in triplicate, with affidavit.

1. Section A, Applicant Profile, Item 3

Does the applicant intend to expand the ownership of the LLC in the future to pain management physician members of the ASTC's medical staff? If so, how?

The applicant has no plans to expand the ownership of the LLC.

2. Section A, Item 6

It is noted that Dr. Reeves holds sole ownership interest in the site of the ASTC and has a 20-year lease agreement ending 11/01/2033 with the applicant LLC. Since it appears that pain management physician members of the applicant's medical staff will use the facility exclusively to perform their surgical cases on days eye surgery cases will not be performed, please clarify the reason a sublease or shared use agreement for the use of the facility would not be relevant to this project.

Dr. Woodbury's present need is only to relocate a block of cases that cannot be kept in the office, due to financial losses on them when they are reimbursed in an office setting. To accomplish that, he only needs to perform them at any licensed surgical facility where he has privileges. Neither he nor any prospective facility needs to enter into a sublease or shared use agreement. Such agreements would be appropriate if Dr. Woodbury were seeking his own CON, his own licensure, and his own entitlement to facility fee reimbursement--but he seeks none of those. Nor is the Reeves Eye Surgery Center offering to lease or to sell any interest in its facility at this time.

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3. Section B, (Project Description) Item II

- a. Given the change to the scope of surgical services approved in CN1209-045A, is there an operating agreement or similar form of arrangement between the applicant, the pain management physician(s) and his/her medical group that addresses the proposed plans pertaining to the following items:
- -- Identifying an established or "blocked" operating hour schedule for pain management cases on days the facility will not be used for eye surgery cases, --Identifying arrangement for reimbursement of the facility and professional fee for pain management cases performed by Dr. Woodbury, --Identifying obligations pertaining to cost sharing for services provided by clinical and administrative support staff and cost sharing for the equipment purchases noted on p. 9,

If not, please clarify why such an arrangement is not necessary.

There is no such arrangement now, or contemplated. The applicant needs only to grant surgical privileges to Dr. Woodbury, once the Reeves Eye Surgery Center ("RESC") receives CON approval to perform pain management cases. The RESC's staff will schedule pain management cases on a space-available basis, which currently is three weekdays a week. If Dr. Reeves' ophthalmology practice increases substantially in the future, through addition of partners, there may not be room for pain management cases; and Dr. Reeves wishes to maintain flexibility to fully utilize the O.R. for ophthalmology cases if needed.

Dr. Woodbury is not requesting or being offered ownership--without which it is unlawful for the RESC to share facility fee reimbursement with him. Nor is cost-sharing appropriate; the facility's technical fee is supposed to cover the cost of providing the surgical environment for his cases.



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- b. As noted elsewhere in the application (e.g. comments on page 24), it appears that the pain management physician can bring approximately 600 cases to the applicant facility in the first year of the project. What percentage of his total cases does this represent for the most recent 12-month period? In your response, please also briefly describe the following:
- --Examples of surgical cases that will work best at this type of facility
  --Examples of patient conditions that are good candidates for the pain

management services.

Case data of physicians in the East Tennessee Brain and Spine is confidential practice information. However, the cases he has attested to bringing to the RESC in this project will not be half of all cases he has performed in the past year at his practice office.

The most numerous types of cases he intends to perform at the RESC are listed in Table Nine on page 37 of the application. They involve fluoroscopy-guided injections to the neck and spine and to various other nerve centers in the body. The cases address chronic and acute pain throughout the body--neck pain, back pain, hip pain, and joint pain in the extremities (hand, arm, foot, leg). These are patients for whom medicinal treatment plans have not effectively managed the pain. They are typically patients whose pain comes from a recent injury or acquired medical illness that persists, and evolves into chronic pain. The surgical treatments are designed to relieve that pain to the extent possible, so that the patient can live a normal life.

Attached after this page is a listing and description of pain management procedures, many of which will be performed at RESC if this project is approved.



	FREQUENTLY PER	RFORMED PAIN MANAGEMENT PROCEDURES DEF
	DEFINITIONS	
Epidural Space	The spinal cord has a protective covering called the dura. The area around the dura is the "epidural space". Low back is "lumbar epidural space". Neck area is referred to "cervical epidural space" and mid back is known as "thoracic" epidural space.	
Transforaminal	Injections into the spine, with needles positioned from the side. More difficult than interlaminar.	
Interlaminar	Injections into the back of the spine.	
Fluoroscope	A special type of X-Ray machine that apecialists use to view the anatomy of the spine, to ensure precise placement of the needle to reduce risk and ensure maximum pain relief.	
Medial Branch Nerve	Nerves that are near facet joints, transmit pain signals to the brain.	
Diagnosis	Interventional spine physicians use a variety of methods including physicial exam, X-Ray or MRI or interventional spine procedures to recreate the pain to correctly diagnose the condition causing the patient's pain.	
Facet Joint	Facet joints connect the vetebrae and help guide the spine during movement. Facet joints are found on both sides of the spine.	
Vertebrae	Bones within the spine.	
Discs	Soft cushions inbetween the vertebrae, support movement and stability.	

PROCEDURE NAME	CPT DESCRIPTION	CPT CODES	PAIN CONDITION	DESCRIPTION
Lumbar Transforaminal Epidural Steriod Injection	Lumbar / sacral transforaminal epidural injection Lumbar / sacral epidural injection -Additional Level	84483 64484	or other injury can cause	In this procedure, a local anesthetic is used to numb the skin. The surgeon will insert a long needle to reach the epidural space. Using the fluoroscope, the physician will view the needle insertion and placement near the spinal cord. A dye is injected to confirm the needle placement is in the correct position. Then an anti-inflammatory medicine in injected into the epidural space, between vertebrae. The patients will be observed in recovery for 30 minutes or more depending on level of sectation.
Facet Joint Injection	Paravertebral facet join nerve: lumbar/sacral 1st level Paravertebral facet join nerve: lumbar/sacral additional levels	64493 64494	Chronic Low Back Pain resulting from injury to the cartillage inside the joint or the connecting ligaments surrounding the joint.	In this procedure, a local anesthetic is used to numb the skin. Using the fluoroscope, a thin needle will be injected into one or more facet joints. A dye may be injected to confirm the needle placement is in the correct position. Then an anti-inflammatory medicine is injected into one or more facet joints. The patients will be observed in recovery for 30 minutes or more depending on level of sedation.
Cervical Transforaminal Epidural injection	Cervical Transforaminal epidural injection ( may be used with code 64480)	64479	Pain in the neck or upper back, caused by disc or dural inflammation. Pain that travels to the arm, is caused by inflammatinon of the nerve root.	In this procedure, a local anesthetic is used to numb the skin. The physician surgeon will insert a long needle to reach the epidural space in the neck. Using the fluoroscope, the physician will take the more challenging transforaminal approach, view the needle insertion and placement near the spinal cord. A dye is injected to confirm the needle placement is in the correct position. Then an anti-inflammatory medicine is injected into the epidural space in the neck, between vertebrae. Cervical procedures are more challenging than lumbar, and have a higher degree of risk due to the smaller anatomy of the cervical spine. The patients will be observed in recovery for 30 minutes or more depending on level of sectation.
Cervical intertaminar Epidural	Cervical Epidural		Pain in the neck or upper back, caused by disc or dural inflammation. Pain that travels to the arm, is caused by inflammatinon of the nerve root.	In this procedure, a local anesthetic is used to numb the skin. The physician surgeon will insert a long needle to reach the epidural space in the neck. Using the fluoroscope, the physician will enter the neck from the back, view the needle insertion and placement near the spinal cord. A dye is injected to confirm the needle placement is in the correct position. Then an anti-Inflammatory medicine is injected into the epidural space in the neck, between vertebrae. Cervical procedures are more challenging and have a higher degree of risk than lumbar, due to the smaller anatomy of the cervical spine. The patients will be observed in recovery for 30 minutes or more depending on level of sedation.
Major Joint Injection	Major Joint Injection	20610	Pain or inflammation from a major joint.	A needle is directed into the joint, either "blind" or under fluoroscopic (X-ray) direction. Local anesthetic is usually combined with steroid and injected. Suitible joilints include the knee, shoulder, and hip.
Radiofrequency Ablation	Destruction by neurolytic agent, paravertebral facet jont nerve: lumbar or sacral, - additional level (Code is billed with 64622)	U	Pain resulting in the low back, buttock, hip and groin pain.	In this procedure, radiofrequency energy is used to disrupt the function of a medial branch nerve so it is unable to transmit pain signals from the lower spine to the brain. The physician uses flouroscopy to guide the needle placement near the facet joint. The target suspect nerve will be stimulated, and upon confirmation the nerve will be destroyed with radiofrequency.

PROCEDURE NAME	CPT DESCRIPTION	CPT CODES	PAIN CONDITION	DESCRIPTION
Cervical and Thoracic Facet Joint Injection	Cervical and Thoracic Facet Joint Injection-1st level (sometimes used with codes 64491, 64492)	64490	Chronic neck or upper back pain resulting from injury to the cartilage inside the joint or the connecting ligaments surrounding the joint.	In this procedure, a local anesthetic is used to numb the skin. Using the fluoroscope, a thin needle will be injected into one or more facet joints in the neck or upper back. A dye may be injected to confirm the needle placement is in the correct position. Then an anti-inflammatory medicine is injected into one or more facet joints. The patients will be observed in recovery for 30 minutes or more depending on level of sedation.
Radiofrequency Ablation	Destruction by neurolytic agent, paravertebral faet jont nerve: lumbar or sacral, ( Code is billed with 64623)	64635 64622	Pain resulting in the low back, buttock, hip and groin pain.	In this procedure, radiofrequency energy is used to disrupt the function of a medial branch nerve so it is unable to transmit pain signals from the lower spine to the brain. The physician uses flouroscopy to guide the needle placement near the facet joint. The target suspect nerve will be stimulated, and upon confirmation the nerve will be destroyed with radiofrequency.
Cervical and Thoracic Facet Joint Injection	Cervical and thoracic facel joint injections- 2nd level (Used with codes64490)	64491	Cronic neck or upper back pain resulting from injury to the cartilage inside the joint or the connecting ligaments surrounding the joint.	In this procedure, a local anesthetic is used to numb the skin. Using the fluoroscope, a thin needle will be injected into one or more facet joints in the neck or upper back. A dye may be injected to confirm the needle placement is in the correct position. Then an anti-inflammatory medicine is injected into one or more facet joints. The patients will be observed in recovery for 30 minutes or more depending on level of sedation.
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Lumbar Interlaminar Epidural Steriod Injection	Lumbar /caudal Epidural	62311	To freat lower back and radiating leg pain. Conditions such as herniated discs, bone spurs or other injury can cause inflammation and pain of the nerve roots near the injury or condition.	In this procedure, a local anesthetic is used to numb the skin. The physician surgeon will insert a long needle to reach the epidural space. Using the fluoroscope, the physician will view the needle insertion and placement near the spinal cord. A dye is injected to confirm the needle placement is in the correct position. Then an anti-inflammatory medicine in injected into the epidural space, between vertebrae. The patients will be observed in recovery for 30 minutes or more depending on level of sedation.
Trigger point injection Trigger point injection	Trigger points 1-2 trigger points 3 or more	20552 20553	Injured muscles can often form tight bands known as trigger points, which often respond well to a combination of injection, stretching, and physical therapy.	Trigger points are identified by palpation (deep touch). A needle is placed thru the skin and into the trigger point. When it is reached, a characteristic pain is reproduced. The trigger point is then injected with a local anesthetic, a steroid, or a combination of the 2.
	Cervical transformainal epidural injection add on (used with code 64479)	64480	Pain in the neck or upper back, caused by disc or dural inflammation. Pain that travels to the arm, is caused by inflammatinon of the nerve root.	In this procedure, a local anesthetic is used to numb the skin. The physician surgeon will insert a long needle to reach the epidural space in the neck. Using the fluoroscope, the physician will take the more challenging transforaminal approach, view the needle insertion and placement near the spinal cord. A dye is injected to confirm the needle placement is in the correct position. Then an anti-inflammatory medicine is injected into the epidural space in the neck, between vertebrae. Cervical procedures are more challenging than lumbar, and have a higher degree of risk due to the smaller anatomy of the cervical spine. The patients will be observed in recovery for 30 minutes or more depending on level of sectation.



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Facet Joint	Facet joints connect the vetebrae and help guide the spine during movement. Facet joints are found on both sides of the spine.	
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	on ( used with code 64479)	64480	the nerve root.	sedation.

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c. In light of the applicant facility's 1 room OR for eye surgery cases, it appears that a sterile OR is needed to perform the proposed pain management cases. If this is not the case, please discuss conditions where use of a non-sterile procedure room would be acceptable for the proposed pain management cases.

Dr. Woodbury's cases need to be performed in a sterile surgical room. In the case of the RESC, the O.R. is all that is available. The procedure room at the RESC is dedicated to laser surgery, and it is too small to contain the operating table and C-arm that will be used for pain management cases, along with the laser equipment.

d. The applicant notes that the project involves bringing some of the in-office surgical cases of Dr. Woodbury, the pain management specialist of East Tennessee Brain and Spine, to its existing licensed single specialty ASTC with 1 OR. Assuming that Dr. Woodbury would not receive an appropriate share of the pain management cases that he will perform at the Reeves Eye Surgery Center ASTC, what is the financial benefit or incentive for him to transfer his cases to the applicant's ASTC?

If "share" means sharing in the facility fee revenues, that is not possible for anyone who is not an owner of the LLC. As explained, Dr. Woodbury is not being offered ownership. His financial incentive for moving these cases is his practice's incentive to reduce their losses on performing these cases in the office setting without adequate reimbursement.

That objective can be met by his moving the cases to any licensed surgical facility. He would prefer to use the RESC because of its ample availability of O.R. time. If the CON is not granted to the RESC, then Dr. Woodbury is able to move those cases to another facility that requires no CON to grant him privileges.

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e. Review of Dr. Woodbury's resume revealed that he is Board Certified in Physical Medicine and Rehabilitation and that he was licensed in Tennessee from 1993-1996. Please clarify the following:

--Is there a specific board certification for pain management specialists that Dr. Woodbury either currently holds or can apply for?

Subspecialty Board certification in Pain Management is available. Three organizations can grant it--the specialist's own Board (for example, the Board for Anesthesiology), the American Board of Pain Management, and the American Board of Interventional Pain Physicians. They vary in their requirements with respect to such things as prior completion of a fellowship in pain management; but all three do require that the candidate pass examinations.

Dr. Woodbury is a Board-certified Physical Medicine and Rehabilitation specialist, with many years of training and experience in performing pain management cases. He has not pursued that subspecialty certification. He is considering pursuing it beginning in CY2016.

-- If Dr. Woodbury is not presently a Tennessee licensed physician, how can the project proceed at this time?

Dr. Woodbury is currently licensed to practice medicine in Tennessee. He has been licensed here for 22 years, since 1993. Attached after this page is verification of his licensure, from the Tennessee Board of Medical Examiners. An out of date resume was provided by Dr. Woodbury in the original application, for which the applicant apologizes.

f. What potential exists for other physicians that may also want to perform their pain management cases at the facility or be available to provide coverage for Dr. Woodbury in his absence? Please clarify why those physicians are not planning to use the ASTC at this point in time. Where are those procedures currently being performed?

Dr. Reeves is willing to let other pain management physicians work at the RESC on the same terms as Dr. Woodbury; but only Dr. Woodbury is requesting privileges. The applicant is unable to respond to the last question in this subsection because no other physicians are known.



### STATE OF TENNESSEE

# **DEPARTMENT OF HEALTH DIVISION OF HEALTH LICENSURE AND REGULATION DIVISION OF HEALTH RELATED BOARDS**

665 Mainstream Dr. Nashville, TN 37243

### tn.gov/health

# **TENNESSEE BOARD OF MEDICAL EXAMINERS** 1-800-778-4123 or (615) 532-4384

October 26, 2015

# TO WHOM IT MAY CONCERN:

This verification can be considered primary source. To expedite the verification process, this is the standard format used by the Board of Medical Examiners. The Board of Medical Examiners is pleased to furnish the following information from our files:

PROFESSION:

**Medical Doctor** 

**RANK:** 

**Medical Doctor** 

NAME:

WOODBURY, WAYNE M

LICENSE NUMBER:

24642

ISSUE DATE:

06/25/1993

**EXPIRATION DATE:** 

03/31/2017

STATUS:

Licensed

STATUS DATE:

09/23/2014

SPECIAL ENDORSEMENTS: Physical Medici

COMMENTS: There is no derogatory information in our files concerning this individual. The State of

Tennessee only provides the above information. Any other information needed must be

obtained from the licensee.

Sincerely,

Tennessee Board of Medical Examiners

# SUPPLEMENTAL #1 3:24 PM

**October 28, 2015** 2:20 pm

# Licensure Verification Search Results

You are viewing page 1 of 1...

WOODBURY, WAYNE M Jonesborough, TN 37659

Profession: Medical Doctor

Rank: Medical Doctor

Specialties: Physical Medici License Number: 24642

Status: Licensed

Original Date: 06/25/1993 Expiration Date: 03/31/2017 View:

Practitioner Profile

Certification Letter

You are viewing page 1 of 1...

# Follow Us On







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g. If the project is approved, what is the anticipated impact, if any, to those hospitals whose 2013 JAR reflects that services were provided to outpatient pain management patients, including Wellmont Bristol and Wellmont Holston Valley Medical Centers in Sullivan County and Johnson City Medical Center in Washington County?

It will have no impact on area hospitals. As stated, the cases that Dr. Woodbury proposes to bring to the RESC are coming out of the East Tennessee Brain and Spine offices, not out of any licensed facility.

# 4. Section C, Need Item 1(Specific Criteria –ASTC)

The applicant's reasons for not completing the responses to the criteria with the exception of optimal capacity are noted. However, Agency statute requires a CON for the addition of clinical specialties to the ASTC approved in CN1209-045A limited to ophthalmology. At a minimum, please provide response to the criterion that address capacity/utilization pertaining to the proposed pain management surgical cases and that address impact on other pain management providers in the service area. Suggestions include the following criterion:

Need-Items 1 – 4 Other- Items 8, 9 and 11 (a) and (c)

Note: when addressing utilization in the items included in the Need, it appears that the 1,867 cases/room optimal utilization standard for a procedure room might apply based of the types of proposed pain management surgical cases described in the project. If not, please briefly explain the rationale for using the OR criterion.

Responses are provided on the following pages. The procedure room standard does not apply here because there is not a procedure room available at the Reeves Eye Surgery Center. The procedure room at the RESC is dedicated exclusively to laser procedures, as explained in the prior approved CN1209-045A. The room is only 11 feet wide, and is too small to accommodate the O.R. table and C-arm that are needed for pain management procedures along with other equipment.

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# CERTIFICATE OF NEED STANDARDS AND CRITERIA FOR AMBULATORY SURGICAL TREATMENT CENTERS

# **Assumptions in Determination of Need**

The need for an ambulatory surgical treatment center shall be based upon the following assumptions:

# 1. Operating Rooms

- a. An operating room is available 250 days per year, 8 hours per day.
- b. The estimated average time per Case in an Operating Room is 65 minutes.
- c. The average time for clean up and preparation between Operating Room Cases is 30 minutes.
- d. The optimum utilization of a dedicated, outpatient, general-purpose Operating Room is 70% of full capacity. 70% x 250 days/year x 8 hours/day divided by 95 minutes = 884 Cases per year.

# 2. Procedure Rooms

- a. A procedure room is available 250 days per year, 8 hours per day.
- b. The estimated average time per outpatient Case in a procedure room is 30 minutes.
- c. The average time for clean up and preparation between Procedure Room Cases is 15 minutes.

The optimum utilization of a dedicated, outpatient, general-purpose outpatient Procedure Room is 70% of full capacity. 70% x 250 days/year x 8 hours/day divided by 45 minutes = 1867 Cases per year.

## **Determination of Need**

1. Need. The minimum numbers of 884 Cases per Operating Room and 1867 Cases per Procedure Room are to be considered as baseline numbers for purposes of determining Need.<sup>2</sup> An applicant should demonstrate the ability to perform a minimum of 884 Cases per Operating Room and/or 1867 Cases per Procedure Room per year, except that an applicant may provide information on its projected case types and its assumptions of estimated average time and clean up and preparation time per Case if this information differs significantly from the above-stated assumptions. It is recognized that an ASTC may provide a variety of services/Cases and that as a result the estimated average time and clean up and preparation time for such services/Cases may not meet the minimum numbers set forth herein. It is also recognized that an applicant applying for an ASTC Operating Room(s) may apply for a Procedure Room, although the anticipated utilization of that Procedure Room may not meet the base guidelines contained here. Specific reasoning and

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explanation for the inclusion in a CON application of such a Procedure Room must be provided. An applicant that desires to limit its Cases to a specific type or types should apply for a Specialty ASTC.

Section C(I).6 of the application, pp. 24-25 of the application, documented that in CY2015 this one-O.R. facility will perform 962 *ophthalmic* surgical cases per year in its O.R., without any pain management cases. That utilization will exceed the minimum 884 cases recommended in this criterion, without any pain management cases being performed in that O.R.

Section C(I).6 of the application also projected that in Years One and Two of the project, the *total* surgical cases performed in this one O.R. will be 1,787 and 1,812 cases, respectively. This exceeds the minimum (884 cases) for one O.R. by more than 100%.

Given that both its current and its projected caseloads exceed this criterion's utilization standard for an O.R., the RESC is not required by the criterion to additionally perform a time analysis of O.R. utilization.

2. Need and Economic Efficiencies. An applicant must estimate the projected surgical hours to be utilized per year for two years based on the types of surgeries to be performed, including the preparation time between surgeries. Detailed support for estimates must be provided.

In light of criterion #1 above, which waives an O.R. case time analysis for an applicant who meets the State Plan's case requirements, this criterion does not seem applicable to this project. A time analysis seems helpful only if an applicant is trying to justify additional O.R. capacity, which this application does not propose.

However, if a response to this criterion is considered necessary, an efficiency time analysis of the use of the O.R. for the proposed pain management cases is provided on the following page. It is done only for three days of O.R. time, which is all that is available to this project. Ophthalmology cases done on the other two days are not part of this application and should not need to be addressed here. There will not be a day on which both eye and pain cases will share the O.R. schedule; those two types of cases will be scheduled on separate days.

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- a. Availability of Schedulable O.R. Time (one O.R.): 3 days per week X 480 minutes per day X 50 weeks per year = 72,000 minutes available
- b. Pain Management Case Requirements:
   Average case time = 22 minutes

   Room turnaround time = 10 minutes
   Total time required per case = 32 minutes

567 cases per year X 32 minutes = 18,144 minutes required

- c. Efficiency of use of available O.R. at RESC, three days per week: 18,144 minutes for pain cases / 72,000 minutes available = 25.2% utilization
- 3. Need; Economic Efficiencies; Access. To determine current utilization and need, an applicant should take into account both the availability and utilization of either: a) all existing outpatient Operating Rooms and Procedure Rooms in a Service Area, including physician office based surgery rooms (when those data are officially reported and available<sup>3</sup>) OR b) all existing comparable outpatient Operating Rooms and Procedure Rooms based on the type of Cases to be performed.

The application stated that the RESC has O.R. time available for pain management cases three days per week. Table Five on page 23 of the application provided all available data on the surgical room utilization of other service area surgery centers that provide pain management services. It shows that some capacity may be available at several area surgery centers. Although the applicant has no access to other facilities' surgical schedules, the applicant doubts that several days per week availability of an O.R. exists anywhere other than at the RESC itself. It is RESC's broad availability and flexibility that is attractive to Dr. Woodbury.

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Additionally, applications should provide similar information on the availability of nearby out-of-state existing outpatient Operating Rooms and Procedure Rooms, if that data are available, and provide the source of that data. Unstaffed dedicated outpatient Operating Rooms and unstaffed dedicated outpatient Procedure Rooms are considered available for ambulatory surgery and are to be included in the inventory and in the measure of capacity.

There are no nearby out-of-State or unstaffed O.R.'s known to the applicant.

4. <u>Need and Economic Efficiencies.</u> An applicant must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns.

There will be no impact on other licensed facilities. The cases in this project will be relocated from a private physician practice, not from another licensed facility.

A CON application to establish an ASTC or to expand existing services of an ASTC should not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed, if those services are known and relevant, within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above.

This criterion is not applicable. First, because this is not an application to establish an ASTC. Second, because it is not an application to "expand existing services" of an ASTC within the intent of this criterion (the intent being an expansion of surgical services capacity).

The applicant's reading of this criterion is that it focuses entirely on restricting addition of ambulatory surgical rooms, rather than on any change in types of surgeries within existing rooms. This interpretation seems logical, because an ASTC cannot "expand an existing service" in any way other than adding room capacity to deliver more of that existing service. Adding a *new type* of service (e.g. pain management) is not an expansion of an *existing* service.

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### Other Standards and Criteria

8. Access and Economic Efficiencies. An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project patient utilization for each of the first eight quarters following completion of the project. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

Tables Six-A and -B on page 24 of the application contained a minor error in the Year One ophthalmology cases of the RESC: The Year Two ophthalmology cases will be 1,245 cases, not 1,244. A revised page 24R is attached after this page.

The table below provides the quarterly distribution of caseloads consistent with the projection methodology in C(I)6, pages 24R and 25.

The pain management cases were projected to be 567 in both Years One and Two. This number has been distributed approximately equally among the four quarters of each year, with a one-case variation in the first quarter to maintain whole numbers in the case data.

The ophthalmology cases were projected to be 305 per quarter in Year One, increasing 2% in Year Two. So Years One and Two below show an approximately equal quarterly distribution, with Year Two given a one-case variation in the fourth quarter to maintain whole numbers in the case data.

Year One	Ophthalmology	Pain Management	<b>Total Cases</b>
Q1	305	141	446
Q2	305	142	447
Q3	305	142	447
Q4	305	142	447
Total Year One	1220	567	1787
Year Two			
Q1	311	141	452
Q2	311	142	453
Q3	311	142	453
Q4	312	142	454
Total Year Two	1245	567	1812

PROVIDE APPLICABLE UTILIZATION AND/OR OCCUPANCY C(I).6. STATISTICS FOR YOUR INSTITUTION FOR EACH OF THE PAST THREE (3) YEARS AND THE PROJECTED ANNUAL UTILIZATION FOR EACH OF THE TWO (2) YEARS FOLLOWING COMPLETION OF THE PROJECT. ADDITIONALLY, **PROVIDE** THE **DETAILS** REGARDING THE METHODOLOGY **USED** TO **PROJECT** UTILIZATION. THE INCLUDE DETAILED CALCULATIONS OR METHODOLOGY MUST DOCUMENTATION FROM REFERRAL SOURCES, AND IDENTIFICATION OF ALL ASSUMPTIONS.

Table Six-A: Reeves Eye Surgery Center (1 O.R.) Historical and Projected Cases				
Year Ophthalmology Pain Management Cases po				
CY2014	389	0	-	
CY 2015	962	0		
CY 2016Year 1	1220	567	1787	
CY 2017Year 2	1245	567	1812	

Source: ASTC Management.

Table Six-B: Reeves Eye Surgery Center Historical and Projected Ophthalmology Cases By Type						
Year Cataract Blepharoplasty Yag Laser Other Total						
CY 2014	273	12	93	11	389	
CY 2015	674	38	231	19	962	
CY 2016Year 1	856	36	292	36	1220	
CY 2017Year 2	874	37	297	37	1245	

Source: ASTC Management.

# Projection of Pain Management Cases

This is the same for Years One and Two. It is the number of cases that Dr. Wayne Woodbury stated he would bring to this facility each year. His practice is much larger than that; so this is considered to be a reliable projection.

### Projection of Ophthalmology Cases

Dr. Reeves' eye surgery cases have grown steadily in CY2015, as his facility was accepted into major insurance contracts such as the area Blue Cross plans. In Q3 of 2015, he performed 263 cases, which was a 15.9% increase over Q2 of 2015. The

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# 9. Patient Safety and Quality of Care; Health Care Workforce.

a. An applicant should be or agree to become accredited by any accrediting organization approved by the Centers for Medicare and Medicaid Services, such as the Joint Commission, the Accreditation Association of Ambulatory Health Care, the American Association for Accreditation of Ambulatory Surgical Facilities, or other nationally recognized accrediting organization.

The applicant is already Joint-Commission certified and intends to maintain that certification.

b. An applicant should estimate the number of physicians by specialty that are expected to utilize the facility and the criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel. An applicant should provide documentation on the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site.

# **Physicians**

The project will allow pain management cases to be performed in the facility. At this time only one such specialist, Dr. Wayne Woodbury, has requested privileges and committed to perform some of his cases in the facility. He is a Board-certified Physical Medicine and Rehabilitation specialist. The staff required to support his cases are nurses and a CRNA (who are already available at the facility), and a radiologic technologist for C-arm cases (who will be contracted PRN locally).

Dr. Woodbury will be admitted to the medical staff after demonstrating to the satisfaction of the ASTC's Governing Board that he has appropriate qualifications as defined by the ASTC's Credentialing process. Some of the factors bearing on this are identified in the Standard Credentialing Form attached at the end of this letter (14-page document).

# Other Staff

A revised page 43R is attached after this page, to correct an erroneous statement that the rad tech would be a "full-time" employee. That is not the case. The tech will be a part-time contracted employee as shown in Table Twelve, page 44 of the application. The CRNA and nurses required for the project are already contracted and working at the ASTC.

C(III).3. PROVIDE THE CURRENT AND/OR ANTICIPATED STAFFING PATTERN FOR ALL EMPLOYEES PROVIDING PATIENT CARE FOR THE PROJECT. THIS CAN BE REPORTED USING FTE'S FOR THESE POSITIONS. IN ADDITION, PLEASE COMPARE THE CLINICAL STAFF SALARIES IN THE PROPOSAL TO PREVAILING WAGE PATTERNS IN THE SERVICE AREA AS PUBLISHED BY THE TENNESSEE DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT AND/OR OTHER DOCUMENTED SOURCES.

The use of a C-arm for the pain management cases will require employing a parttime contracted radiologic technician. That is the only new staff required. The other staffing needs for the new service will be met by increasing the time spent on pain cases by clinical staff already subcontracted to the surgery center from the associated practice office.

Please see the following page for a table of staffing requirements for the addition of pain management services to this facility.

The Department of Labor and Workforce Development website indicates the following Johnson City area's salary information for clinical employees of this project:

Table Eleven: TDOL Surveyed Average Salaries for the Region, 2015					
Position	Entry Level	Median	Experienced		
RN (Not Surveyed)					
LPN	\$13.95	\$16.74	\$18.13		
Radiology Tech	\$18.75	\$23.55	\$25.95		

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- 11. Access to ASTCs. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:
  - a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;

This is not a Medically Underserved Area, given that Washington County has the largest concentration of medical services and professionals in Upper East Tennessee.

c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; ...

The applicant is contracted with all TennCare area MCO's and with Medicare. So is Dr. Wayne Woodbury.

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# (RESUMPTION OF REVIEWER'S SUPPLEMENTAL QUESTIONS)

# 5. Section C, Need Item 3

Please expand the table showing patient origin by county of residence of Dr. Woodbury's pain management patients for the most recent 12-month period.

The table below provides the requested patient origin for pain cases only. Dr. Woodbury's patient origin data was provided for Jan-Aug 2015; prior data is not available.

	ted Patient Origin of					
Pain Management Cases Only, CY2016 - CY2017  County Percent of Total Year One Cases Year Two Cases						
Sullivan	20.0%	113	113			
Washington	17.2%	98	98			
Hawkins	11.0%	62	62			
Greene	10.6%	60	60			
Carter	7.9%	45	45			
Wise (VA)	7.8%	44	44			
Dickenson (VA)	4.8%	27	27			
Scott (VA)	3.8%	22	22			
Subtotal PSA	83.1%	471	471			
Other States &						
Counties <5%	16.9%	96	96			
Total All Counties	100.0%	567	567			

Source: Dr. Woodbury's practice records for patient origin 2015.

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6. Section C, Need Item 6

Please indicate the number of pain management surgeries that Dr. Woodbury performed at other ASTCs, hospitals or pain management cases in the service area by CPT code, if possible, in 2013, 2014 and 2015 (year to date). In your response, please identify facilities Dr. Woodbury currently holds privileges.

Dr. Woodbury's neurosurgical group practice is not part of this application. Private practices do not report their physicians' case data to the State. The data requested is confidential. In the past it has been the consistent practice of the HSDA to recognize that, and to require only the physician's affirmation that he has, and will bring to the project, the cases stated in the application. If needed, attached at the end of this letter is Dr. Woodbury's support letter for this application, stating his ability and intention to perform at RESC the cases that this application projects. Currently Dr. Woodbury has surgical privileges at The East Tennessee Ambulatory Surgery Center in Johnson City.

7. Section C. Economic Feasibility Item 2

The October 14, 2015 letter from a representative of First Citizens Bank attesting to financing through a commercial loan amortized over a term of 5 years is noted. Review of the Deed of Trust in the application attachments indicates that approximately \$1.2 million of funding was provided by the Stat of Franklin Bank for the establishment of the ASTC approved in CN1209-045A. Please briefly describe the need for a different commercial lender for the small amount of capital needed for this project.

Dr. Reeves has long-standing relationships with First Citizens Bank and it was his lender of choice based on most favorable terms.

8. Section C. Economic Feasibility Item 2 (Historical and Projected Data Charts)

a. The charts are noted. In terms of Gross Operating Revenue, are professional fees of the pain management physician included in the amounts shown in the chart or are these charges billed separately by the physician?

The professional fees of the pain management physician are billed separately by the physician.



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b. Compared to the projected gross charges by specialty shown in Table 9, it appears that the average gross operating revenue per surgical case is higher in the Projected Data Chart - approximately \$4,198/case in Year 1 increasing by 28.2% to \$5,381/case in Year 2. Please describe the rationale used to determine projected gross revenues at the higher rates.

The \$4,198 average gross revenue per case was in CY2015 in the Historic Data Chart. The Projected Data Chart shows \$5,381 in Year One and \$5,388 in Year Two. The increase after CY2015 is due primarily to the introduction of pain management cases.

The Projected Data Chart's average gross revenue per case is higher than individual procedure charges suggest in Table Nine because a case can include more than one procedure. Pain management cases usually include two and sometimes three procedures per case. For those that do, the charge would be at a 2 or 3 multiple per case. For example, a bi-lateral spine injection (62310) would have a charge of \$4,550, and \$6,825 if a third level was performed in addition to the first set. The Projected Data Chart's gross revenue projections assume that 90% of all pain cases will have multiple procedures, based on the experience of similar surgery centers (the projections were prepared by consultants who manage surgery centers that perform pain management cases). So total gross revenues can be expected to increase greatly between CY2015 (when only eye surgeries are being performed) and the next two years (when pain management cases will be added to the mix).

c. The applicant designated \$46,017 for Year 1 in the Other Expenses, Line D.9 section of Projected Data Chart for professional fees compared to \$46,973.71 in the Historical Data Chart for 2015 estimated. Given the proposed addition of the pain management physician, please briefly clarify the reason for the small decrease in this expense category.

Professional fees for Year One included consulting and legal costs, most of which were nonrecurring. For Year Two there were no budgeted fees for additional consulting. Budgeted professional fees for Year Two represents fees that are associated with Medical Billing Services only. Please note that these fees are not physician professional fees paid to the medical staff. Physicians will do their own billing, and collections.

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d. The applicant did not designate an amount for credentialing expenses under D.9 in Year 1. Please clarify why this amount would not be included in the applicant's 2016 fiscal operating period.

Credentialing expenses for the physicians and the CRNA were included in both the Historic and Projected Cost Charts' itemized expenses. They are in the Credentialing line item in the Historic notes page, and are in the "Miscellaneous" line item in the Projected notes page.

Credentialing expenses for the two physicians and the CRNA actually are very small--several hundred dollars each in future years. The Historic Data Chart's "credentialing" line items for 2014 and 2015 were much larger because that is where the ASTC accountants at that time put Joint Commission accreditation process fees, and other related costs. Joint Commission initial and other accreditation fees were \$1,700 in 2015 and \$4,163 in 2015. Strictly speaking, that line item should have been titled "Credentialing and Related Expenses".

# 9. Section C, Economic Feasibility, Item 9

Please complete the following table of reimbursement in different settings for the proposed highest use pain management surgical cases involved in this project.

Pain Management Procedures	CPT Code	Office Practice	Certified Pain Management Clinic	ASTC	Hospital
Injection Spine C/T	62310	\$142.63	\$217.59	\$321.05	\$585.68
Injection Spine L/S	62311	\$123.16	\$258.19	\$321.05	\$585.68
Injection Foramen Epidural	64483	\$118.06	\$242.83	\$321.05	\$585.68
Injection Paravert C/T	64490	\$92.21	\$210.98	\$321.05	\$585.68
Destroy Lumb/Sac Facet	64635	\$190.19	\$425.48	\$702.24	\$1,281.08

<sup>\*</sup> The table provides 2015 actual, area-specific reimbursement data for ASTC's and hospitals; but does not have access to 2015 data for the office and CPMC settings. The data shown for the latter are national averages for 2014.

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10. Section C. Contribution to Orderly Development Item 3.

Please briefly clarify the arrangements planned for coverage by an anesthesiologist or CRNA that may be required for the proposed pain management surgical cases.

The CRNA is already contracted to the Reeves Eye Surgery Center. The CRNA's hours will be increased to accommodate the additional cases.

### **Additional Items From the Applicant**

Attached after this page is Dr. Woodbury's support letter attesting to the cases he expects to perform at the RESC.

Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please email or telephone me so that we can respond in time to be deemed complete.

Respectfully,

John Wellborn Consultant

October 26, 2015

Melanie Hill, Executive Director Tennessee Health Services and Development Agency Andrew Jackson Building, 9<sup>th</sup> Floor 502 Deaderick Street Nashville, TN 37243

RE: Reeves Eye Surgery Center

Dear Mrs. Hill:

Dr. Donny Reeves has filed a Certificate of Need application to add Pain Management to his scope of services at Reeves Eye Surgery Center in Johnson City.

I am writing in support of that proposal. I have a large, well-established practice in the Tri-Cities area, as a member of East Tennessee Brain and Spine, the largest neurosurgical group practice in the area.

It is necessary for me to relocate, from the practice offices to a licensed surgery center, a group of cases that are no longer feasible to perform in the office setting. I estimate performing at least 567 pain management cases per year at the Reeves Eye Surgery Center over the next two years, if CON approval is obtained and I am granted surgical privileges there.

Sincerely,

Wayne Woodbury, M.D.



2:20 pm

Please complete each section thoroughly. Attach additional sheets where necessary. Type or print clearly in black ink.

	Sign and date the application.
	YOU MUST INCLUDE THE FOLLOWING WITH THIS  COMPLETED APPLICATION  (use this checklist as a guide)
	☐ Copy of State License(s)
	☐ Copy of DEA Registration
	☐ Copy of State Controlled Dangerous Substance Certificate
	Copy of current professional liability insurance policy face sheet, showing expiration dates, limits and provider's name
	Copy of Board Certification Certificate, if applicable
	Copy of certificate or letter certifying formal post-graduate training
	Copy of Curricula Vita/Resume Include work history. (Not accepted as a substitute for completion of application.)
	Copy of ECFMG Certificate (if applicable)
	Copy of W-9 for verification of each tax identification number used
	Copy of certificates for conducting x-ray and/or laboratory services (if applicable)
	Copy of Workers Compensation Certificate of Coverage (if applicable)
	Copy of certificates of Advanced Nurse Practitioners employed by the office (if applicable)
	Other
Provider's Name	e Date
MCO or Group	Name



October 28, 2015

Date

# STANDARDIZED CREDENTIALING FORM

Please type or print Fill in all sections - incomplete applications will not be processed.

To be completed by MDs, DOs, DDSs, DPMs, and DCs, and other health care providers.

	SECTION I					
	PERSONAL INFORMATION					
Name (Last, First, Middle)	Degree					
Home Address/Street						
City/State/Zip						
Home Phone Number	Cellular Phone Number					
Date of Birth (for Data Bank Query)	Sex: Male Female					
Place of Birth: (City, State & Country)						
Languages Spoken						
Citizenship						
If not an American citizen, Status & Visa	a Number					
SSN#						
Beeper#	Digital: Yes No Answering Service #					
LICENSU	SECTION II  JRE/CERTIFICATIONS/REGISTRATIONS					
For all the questions in this section, if you do not have a number but have applied, please indicate "application in process."						
State License Number/State of License						
	Expiration Date					
	Expiration Date					
	Expiration Date					
Federal DEA Number	Expiration Date					
Date Issued						
State Narcotics Registration # or CDS Certification/State of Registration (if applicable)	Expiration Date					

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# SECTION III OFFICE/PRACTICE INFORMATION

October 28, 2015 2:20 pm

Please include all offices/practices. Copy and comple	ete this sheet for <u>each</u> additional office.
Is this your primary office? ☐ Yes ☐	No
What type of care do you provide?   Primary Care	re   Specialty Care
Specialty:	Subspecialty:
Type of Practice: Solo Single Specialty C	Group Multi-specialty Group/Other Hospital Based
Please list other members of your practice and their sp	pecialties,
Please list the coverage arrangements for your office.	
Start date with practice:	
If you have more than one office please indicate the prooffice Address/Street	referred mailing address
City/State/Zip	01
Office Phone	After-hours number
Office Fax	Office e-mail address
Medicare PIN (Provider Identification Number)	
Medicaid Provider Number	
National Provider Identification Number (formerly UPI)	
Worker's Compendation Provider Number	
Workers' Compensation Employer Risk Number	
CLIA Certificate  Yes  No	-
Staff Person responsible for credentialing	
Phone Fax	E-mail
Office Manager	
Phone Fax	E-mail
Do you use a billing service?	∕es □ No
If Yes, list the name and contact information:	
Does your billing service bill electronically?	∕es □ No
Group or Corporate name (as it appears on W-9)	Federal Tax ID #
Who should check be payable to?	Billing Phone
•	
City/State/Zip	

### **October 28, 2015**

### SECTION IV

2:20 pm

### PROFESSIONAL / MEDICAL EDUCATION & TRAINING/WORK HISTORY

Provide history (since medical school) of **all** work, education and training including but not limited to medical military services, public health or business training. Provide an explanation for any gaps of more than two months.

MEDICAL EDUCATION:		
University		
Address/Street		
City/State/Zip		Telephone Number
Degree	Month/Year Started	Month/Year Completed
University		
Address/Street		
City/State/Zip		Telephone Number
Degree	Month/Year Started	Month/Year Completed
INTERNSHIP		
Facility		
Address/Street		
City/State/Zip		Telephone Number
Туре	Month/Year Started	Month/Year Completed
Name of Department Head or Chief of Service	ce	
Was this program successfully completed?	☐ Yes	□ No
RESIDENCIES		
Facility		
Program Name		
Address/Street		
City/State/Zip		Telephone Number
Specialty	Month/Year Started	Month/Year Completed
Name of Department Head or Chief of Service	ce	
Was this program successfully completed?	☐ Yes	□ No
Facility		
Program Name		
Address/Street		
City/State/Zip		Telephone Number
Specialty	Month/Year Started	Month/Year Completed
Name of Department Head or Chief of Service	ce	
Was this program successfully completed?	☐ Yes	□ No

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### **Facility Program Name** Address/Street City/State/Zip Month/Year Started Month/Year Completed Specialty Name of Department Head or Chief of Service □ No ☐ Yes Was this program successfully completed? **Facility Program Name** Address/Street Telephone Number: City/State/Zip Month/Year Started Month/Year Completed Specialty Name of Department Head or Chief of Service □ No ☐ Yes Was this program successfully completed? Other Graduate Level Education for which a degree was obtained Degree(s) obtained Institution Address/Street City/State/Zip Telephone Number Dates (from/to) **Program Director** International Medical Graduates Are you certified by the Educational Council for Foreign Medical Graduates? ☐ Yes ☐ No ECFMG# Date Issued

4

**FELLOWSHIPS** 



### ADDITIONAL QUALIFICATIONS/TRAINING

services, subspecialty train an attachment. Include the	order, any and all additional training ing programs, or public health or bust following information: Dates of the fer, contact person, and relevant con	siness training training (from/t	If more space is needed, please include
			· · ·
i <del>.</del>	))		
-			
WORK HISTORY			
Practice/Employer			
Contact Name			
Address/Street			
City/State/Zip			
Phone —		Fax	
Dates of employment	Month/Year Started		Month/Year Ended
Reason for leaving			
<del></del>			
Practice/Employer			
Contact Name			
Address/Street			
City/State/Zip			
Phone		Fax	
Dates of employment	Month/Year Started		Month/Year Ended
Reason for leaving			



# SECTION V PROFESSIONAL / MEDICAL SPECIALTY INFORMATION

For each specialty below, please indicate if y	ou are qua	alified	d or board o	ertified	:				
PRIMARY SPECIALTY			Qualified	□ c	ertified	Ш	Not certifie d		No board available
Certifying Board				Date					
Is certification current?	☐ Yes		] No						
Dates of current certification From (mont	th/year)				To (mo	onth/ye	ear)		
Have you been recertified?	☐ Yes		] No	Date					
If status is qualified, give date status expires.				Date					
If qualified, date exam scheduled.				Date					
Board certification results pending?	☐ Yes		] No						
Do you wish to be listed in the organization directory under this specialty?	☐ Yes		] No						
SECONDARY SPECIALTY (Secondary area of practice)			Qualifie d	☐ Ce	ertified		Not certified		No board available
Certifying Board			Date of inicertification						
Is certification current?	☐ Ye	s [	□ No						
Dates of current certification From (mo	onth/year)	_			To (m	nonth/	year)		
Have you been recertified?	☐ Ye	s [	☐ No	Date	·				-
If status is qualified, give date status expires.				Date					<del>-</del> :
If qualified, date exam scheduled.				Date	,				2
Board certification results pending?	☐ Ye	s [	☐ No						
Do you wish to be listed in the organization directory under this specialty?	☐ Ye	s [	□ No						
If you have applied to a specialty board for e	xaminatio	n, giv	e the name	e of the	board a	and the	e date of	appli	cation.
Board							_		Date
Board							_		Date
Board									Date

\*Note: Submit copies of all certificates with application including copies of letters attesting to board eligibility.



PROFESSIONAL AFFILIATIONS (e.g. AMA, AOA)

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### October 28, 2015

### SECTION VI HEALTH CARE AFFILIATIONS

2:20 pm

List all health care facilities at which you have privileges. (Copy this page for additional facilities.)

Status of Privileges Key				
1 Active	4 Associate	7 Courtesy	10 Provisional	13 Pending
2 Courtesy Provisional Staff	5 Visiting	8 Admitting	11 Suspended	14 Other
3 Active Provisional Staff	6 Temporary	9 Senior Staff	12 Consulting	
PRIMARY FACILITY				
— Date affiliation started				
Address/Street				
City/State/Zip				
Phone	Fax		Website	
Status of privileges (indicate	by using key); explain co	overage arrangemen	ts.	
Any past or present restrictio (If Yes, explain. Attach addit	n of privileges? ional pages if necessary	☐ Yes	□ No	
SECONDARY FACILITY				
Date affiliation started			ended (if applicable)	
Address/Street				
City/State/Zip				
Phone	Fax		Website	
Status of privileges (indicate	by using key); explain co	overage arrangemen	ts	
Any past or present restrictio (If Yes, explain. Attach addit	n of privileges? tional pages if necessary	Yes	□ No	
SECONDARY FACILITY				
Date affiliation started		Date affiliation	ended (if applicable)	
Address/Street	<del></del>			
City/State/Zip				
Phone	Fax		Website	
Status of privileges (indicate				
Any past or present restriction (If Yes, explain. Attach additional additional actions)	on of privileges? tional pages if necessary	☐ Yes	□ No	

### **October 28, 2015**

2:20 pm

### SECTION VII PROFESSIONAL REFERENCES

List three (3) professional/medical references from individuals who have worked extensively with you or who have been responsible for professional observation of your work within the past three years. Only one reference can be a current

Name	
Address/Street	
City/State/Zip	
Phone	Fax
Relationship	
Name	
Address/Street	
City/State/Zip	
Phone	Fax
Relationship	
Name	
Address/Street	
City/State/Zip	
Phone	Fax
Relationship	

partner or associate. Do not include relatives.

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SECTION IX						
ΙΔΙ	PRACTICE	CI	AIMS	HISTORY		

		Service Control		
Provide information for all c may be photocopied.	ases occurri	ng in previous t	en (10) years. Attach a	dditional sheets if necessary. This sheet
☐ No claims to date				
Date of occurrence		Dat	e claim was filed with m	alpractice carrier
Professional liability carrier	involved			
Address (if different from S	ection VII			
Patient name	_		Age	Sex
Name of Plaintiff, if other th	nan patient			
You were (Check one):	☐ Primary	Defendant	☐ Co-Defendant	
Other Defendants (if any)				
Describe the allegations ag	gainst you			
		55		
Describe the alleged injury	to the patier	nt		
Docombo and amoget myary		[ h		
( <del></del>				
Claimant/Plaintiff filed suit	in court	☐ Yes ☐	No If yes	s, date filed
State Court Case Number			State	County/Parish
Federal Court (U.S. Distric	t Court) Cas	e Number		District
Present status of the Claim			arded/attributed/settleme	ent)
Pending	☐ Settle		☐ Arbitrated	Award
☐ In Appeal	☐ Adjudi	icated	☐ Withdrawn	Date
Other, please specify				·
If pending, amount being so	 ought	\$		
Amount of award or settlem		\$		
		\$		
Amount paid by all parties		\$		
			r	A the time of the incident treatment
Additional information/expl rendered, and the conditio	ianation (e.g. in of the patie	. tne conaition/d ent subseauent	มลฎกอรเร อเ the pauent a to treatment)	at the time of the incident, treatment
rendered, and the conditio	n of the patie	ent subsequent	ю ігеаіттепіі)	

### October 28, 2015

SECT	ION X
DISCLOSURE I	<b>NFORMATION</b>

2:20 pm

Please answer the following questions "yes" or "no". If your answer to any question is "yes", please provide a written explanation on a separate sheet.

INSTRUCTION NOTE: A voluntary surrender or non-renewal is for reasons related to professional competence or conduct when the surrender or non-renewal is done to avoid an adverse action, preclude an investigation or is done while the licensee is under investigation related to professional competence or conduct.

1.	Have any of your board certifications or equivalents ever been suspended, revoked, voluntarily surrendered or have you failed to recertify?	Yes	No
2.	Has your professional license, in any jurisdiction, ever been voluntarily or involuntarily suspended, limited, revoked, denied, or surrendered or subjected to probationary conditions or are any such actions pending?	Yes	No
3,,	Has your DEA license or state narcotics registration ever been voluntarily or involuntarily suspended, limited, revoked, denied, or restricted for reasons other than non-completion of medical records or are any such actions pending?	Yes	No
4.	Has your hospital or facility medical staff membership or have your hospital or facility professional privileges ever been voluntarily or involuntarily suspended, limited, revoked, denied or surrendered for reasons related to professional competence or conduct, other than non-completion of medical records or are any such actions pending?	Yes	No
5.	Have you ever been placed on probation or asked to resign an internship or residency training program?	Yes	No
6.	Has Medicare, Medicaid, or any other medical reimbursement plan ever voluntarily or involuntarily suspended, limited, revoked, denied, not renewed or terminated your participation for reasons related to professional competence or conduct?	Yes	No
7	Have you ever been or are you currently excluded from participation with Medicare or any other federally funded health care program?	Yes	No
8.	Has your professional liability coverage ever been restricted, limited, denied, not renewed, or special rated (for reasons other than the carrier's termination of operations in your state)?	Yes	No
9.	Have you ever been named as a defendant in any criminal case? (excluding minor traffic infractions, but not DUIs)	Yes	No
10.	Have you ever been convicted of a felony?	Yes	No
11.	Have you ever been disciplined for a violation of ethical standards by a professional organization?	Yes	No

П

Yes

No

**October 28, 2015** 2:20 pm No To your knowledge has information pertaining to you ever been reported to the Yes 12. National Practitioner Data Bank? Do you have a history of engaging in the illegal use of drugs? ("Illegal use of П Yes No 13. drugs" means the use of any controlled substances illegally obtained, i.e. not obtained pursuant to a valid prescription and not taken in accordance with the direction of a licensed health care practitioner.) Are you currently engaged in the illegal use of drugs? ("Currently" does not mean П Yes No 14. on the day of or even the weeks preceding the completion of this application. Rather, it means recently enough so that the illegal use may have an impact on one's ability to practice.) No Yes Are you currently in treatment for addiction to drugs or alcohol? 15. No Within the last five years, have you been reprimanded or disciplined in any П Yes 16. manner by any state licensing authority or other professional board for conduct related to the use of alcohol or the use of any drug? Do you or a member of your family own, have an investment in, or otherwise have  $\Box$ Yes No 17. a business interest in any clinical laboratory, diagnostic testing center, hospital, ambulatory surgery center, or other business dealing with the provision of ancillary health services, equipment, or supplies? П Yes No Do you have any emotional or physical disabilities that may limit your ability to 18.

Are you unable to perform the procedures and the essential functions of the

position for which you have applied or requested privileges, with or without reasonable accommodation, according to accepted standards of professional

performance and without posing a direct threat to patients?

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practice?

19.



### **October 28, 2015**

2:20 pm

### SECTION XI AFFIRMATION OF INFORMATION

This credentialing information and the attached documents contain detailed and specific information relating to my character and professional competence. I warrant that all of the information that I have provided and the responses that I have given are correct and complete to the best of my knowledge and belief. I understand that willful falsification or willful omission of this information will be grounds for rejection or termination.

I understand that this application does not entitle me to participation in the network of any entity using this application.

release , its representatives, and any individuals entities providing information to this entity from liability for any act or omission related to the evaluation or verificant aims application provided the entity, its representatives and individuals providing information to the entity in good faith and without malice. I further agree to notify the entity of any change to the information provided in opplication within 30 days of any such change. I understand that any information provided in this application that sublicly available will be treated as confidential by the entity.			
I authorize information to the entity to investigate and evaluate my or entity that has, or could have any information, data, or credentials.	and its agents and any individual or entity providing provider application, and consult with any person, organization, or documents regarding my background, competence, and		
Applicant Signature			
Print Name			
Print Degree	Date		

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### **Health Statement**

Note: Your application will be processed in the usual manner regardless of how you answer questions A & B. If you have answered "No" to question A or B, please explain completely on a separate sheet.

Question		Response		
A	Are you physically and mentally able to perform all essential functions or services necessary to exercise the privileges or services applied for with or without a reasonable accommodation?	Yes D	No 🗅	
В	Are you able to perform these functions without significant risk of injury to yourself or others?	Yes D	No ¤	
С	Do you illegally use drugs?	Yes D	No 🗅	
	Have you used illegal drugs within the last 2 years?	Yes D	No 🗅	
D	Do you currently take any medications that may affect your ability to perform the clinical privileges or scope of practice requested competently and safely?	Yes D	No b	

۵.				
SI	gnature			

### SUPPLEMENTAL #1 October 28, 2015 2:20 pm

### **AFFIDAVIT**

STATE OF TENNESSEE
COUNTY OF DAVIDSON

NAME OF FACILITY:

I, JOHN WELLBORN, after first being duly sworn, state under oath that I am the lawful agent of the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete to the best of my knowledge.

Leeva Ege Surgey Center

Signature/Title CONSULTANT

Sworn to and subscribed before me, a Notary Public, this the <u>27<sup>th</sup></u> day of <u>crober</u>, 20<u>15</u>, witness my hand at office in the County of <u>DAVIDSON</u>, State of Tennessee.

NOTARY PUBLIC

My commission expires

2018

HF-0043

Revised 7/02

# Supplemental #2 -Original -

Reeves Eye Surgery Center

CN1510-046

## DSG Development Support Group

October 29, 2015 3:45 pm

October 27, 2015

Jeff Grimm, HSD Examiner Tennessee Health Services and Development Agency Andrew Jackson Building, 9<sup>th</sup> Floor 502 Deaderick Street Nashville, TN 37243

RE:

CON Application #1510-046 Reeves Eye Surgery Center

Dear Mr. Grimm:

This letter responds to your recent request for additional information on this application. The items below are numbered to correspond to your questions. They are provided in triplicate, with affidavit.

### 3.(b). Section B, (Project Description) Item II

The response with illustration containing descriptions of procedures and eligible patient conditions is noted. Please discuss the measures the ASTC will develop and implement to ensure safety of patients that require steroid injections. In your response, please include a discussion of safeguards that apply to the process that will be followed for the procurement of injectable steroid products from authorized suppliers, inspection, secure storage prior to use, and precautions by physicians and all appropriate clinical staff of the ASTC prior to administration to patients.

The two steroids used in pain management cases will be methylprednisolone and betamethasone (common brand names are, respectively, Depo-Medrol and Celestone). They will not be obtained from a compounding laboratory because those facilities are not regulated by the FDA, but rather by State agencies. The RESC intends to order these pharmaceuticals from McKesson Medical-Surgical, Inc., a national distributor, who in turns acquires the medications from large manufacturers like Pfizer, which are heavily FDA-regulated. The medications will be shipped to the RESC in boxed vials with an NDC (National Drug Code) on every label on every vial.

When they arrive the vials are unboxed, counted, and inspected to make sure that their caps have not been compromised, and that all vials are intact as manufactured. They are inventoried and stocked in a locked cabinet. The keys to that cabinet are kept in a lockbox with strictly limited access. On the day of use, the R.N. who will be in the O.R. with Dr. Woodbury will be given the appropriate number of vials as requested by Dr. Woodbury. These are multi-use vials. At the

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Page Two October 29, 2015

end of the surgical day, vials not used are returned to the inventory and vials used up are discarded. A weekly review is made of the use and the inventory of these steroid pharmaceuticals to ensure their security.

### 4. Section C, Need Item 1(Specific Criteria -ASTC)

The responses are noted. However, a response for Item 4 of the standards must be provided since the project is expanding the surgical services approved in Reeves Eye Surgery Center, CN1209-045A limited to ophthalmology. Please document utilization at 70% or above for the existing ASTCs in the primary service area that perform pain management procedures.

Two of the eight surgery centers who perform pain management services in the project's primary service area exceeded 70% utilization in 2014, as defined by the State Health Plan standard of 884 cases per surgical room. For the specific utilization of each of them, please see Table Five, page 23 of the original application.

The same table shows that the area average for these facilities was 675 cases per room, which is 53.4% occupancy under current State Health Plan standards (1,263 cases per room is 100% occupancy).

#### 6. Section C, Need Item 6

The response is noted. Dr. Woodbury appears to have surgical privileges at 1 of the 8 ASTCs in the PSA that perform pain management cases (East Tennessee Ambulatory Surgery Center in Johnson City). As shown on the table on page 23 in the application, only 3 of 8 ASTCs in the PSA that perform pain management surgical cases appear have utilization at levels than 40% or higher of total cases during 2012-2014. It remains unclear why Dr. Woodbury would not transfer his in-office cases to the more heavily utilized ASTCs with pain management services in the PSA in lieu of the applicant ASTC that has no prior experience with pain management surgical cases. Please clarify.

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Actually, key personnel in the RESC do have experience in pain management surgical cases. The Administrator of the RESC, Michael Manning, was Clinical Director of a single-specialty pain management ASTC for 3.5 years. An R.N. on the contract staff at the RESC, who will be utilized in this project, has 6 years of experience working in pain management surgery in the O.R.

Dr. Woodbury is confident that the RESC staff is competent and will be fully prepared to assist him in performing his cases. With that not in doubt, his choice of the RESC--as stated before--is due to his having much more O.R. scheduling flexibility and availability for his cases, than at other ASTC's in the area.

### Additional Item From the Applicant

Attached after this page is an updated resume from Dr. Woodbury reflecting more current licensure data.

Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please email or telephone me so that we can respond in time to be deemed complete.

Respectfully, Well born

John Wellborn Consultant



October 29, 2015 3:45 pm

Wayne M. Woodbury M.D. 219 Holland View Jonesborough, TN 37659 (912) 596-2341 drwoodbury@gmail.com

### Education

Medical College of Wisconsin Affiliated Hospitals	1989-1993
Residency/Internship	
Physical Medicine and Rehabilitation	
Medical College of Wisconsin Affiliated Hospitals <b>Doctor of Medicine</b>	1989
Arizona State University <b>B.S. Microbiology</b> Graduate Magna Cum Laude  National Honor Society	1985

### **Work Experience**

East Tennessee Brain & Spine Center	2014-present
Zion Pain Management	
St. George, UT	2013-2014
Memorial Health University Hospital Physicians	2010-2013
Center for Advanced Pain Management	2006-2010
Neurological Institute of Savannah	1996-2006
Out Patient Medical Director	1993-1996
Franklin Rehab, Johnson City, TN	
Chief Resident PM&R Training	1992-1993
Psychiatric Officer	1991-1993
Zablocki Veteran's Hospital	
Milwaukee, Wisconsin	

### Licensure

State of Tennessee	#024642	2014-current
State of Utah	#8397828-8905	2013-current
State of Georgia	#0429787	1996-current
State of Tennessee	#024642	1993-1996
DEA	#BW3367465	4-26-04-current
DEA Narcotic Dependency	#XW3367465	4-26-04-current

October 29, 2015 3:45 pm

**Board Status** 

Board Certification in Physical Medicine and Rehabilitation with Maintenance of Certification February 2014

### Related Experience/CME

Consultant—Meeting of The Minds—Medtronics Orlando, FL	2000
Course Completion, Narcotic Dependency American Psychiatric Savannah, GA	Association 2004
Course Completion, Radio Frequency Neuroalblation Phoenix, AZ	2005
4-Day Interventional Pain Management Anatomical Workshop Hilton Head, SC	2007
University of Pennsylvania School of Medicine MEDPAGE Today Briefing Savannah, GA	2007
Rapid-Rheumatoid Arthritis: Primary Care Initiative	
For Improved Diagnosis and Outcomes Savannah, GA	2007
Strategies for Reducing Low-Density Lipoprotein Cholesterol Savannah, GA	2007
Treatment Regimens for RA, CV, and GI Risks	2007
Family Practice Resident Lecture on Generation, Propagation	2012

### **Publications and Papers**

"Temperature Monitoring During EMG/NCS of the Median Nerve" Muscle and Nerve 1993

And central interpretation and modulation of pain

### Languages

English Spanish

### Memberships/Honors



3:45 pm

American Academy of Physical Medicine and Rehabilitation

Southern Society of Physical Medicine and Rehabilitation

Wilderness Medicine

Better Business Bureau

Consumer's Research Counsel of America—Top Physicians 2006

American Medical Association

Georgia Medical Association

October 29, 2015 3:45 pm

### **AFFIDAVIT**

STATE OF TENNESSEE
COUNTY OF DAVIDSON

NAME OF FACILITY:

I, JOHN WELLBORN, after first being duly sworn, state under oath that I am the lawful agent of the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete to the best of my knowledge.

Leeve Eye Surgey Center

Signature/Title CONSULTANT

Sworn to and subscribed before me, a Notary Public, this the <u>29</u> day of <u>Carobec</u>, 2015, witness my hand at office in the County of <u>DAVIDSON</u>, State of Tennessee.

NOTARY PUBLIC

My commission expires 104 2,

,2018

HF-0043

Revised 7/02